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Supplement

East Europe

Hungary:
National Security Law; 1996 Media Law

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96CH0028A Budapest MAGYAR KOZLONY in Hungarian 28 Dec 95 pp 7156-7175

["Text" of Statute 1995/CXXV on the civil and military intelligence and security services; adopted by the National Assembly on 19 December]

[FBIS Translated Text]

Statute 1995/CXXV on National Security Services

In order to protect the sovereignty and guard the constitutional order of the Republic of Hungary, the National Assembly adopted the following Statute on the constitutional functioning of the national security services:

Organization and Legal Status of the National Security Services

Article 1

The National Security Services of the Hungarian Republic:

a) the Office of Information

b) the Office of National Security

c) the Office of Military Intelligence

d) the Office of Military Security

e) the National Security Special Services

(in the following: national security services)

Article 2

(1) The Office of Information, the Office of National Security, and the National Security Special Services (in the following: civil national security services), and the Office of Military Intelligence and the Office of Military Security (in the following: military national security services) are national and financially independent national budgetary agencies under the Administration's supervision.

(2) In accordance with the Administration's policy decisions, the national security services may set up local and regional offices to carry out the duties specified in this Statute.

Responsibilities of the National Security Services

Article 3

The task of the national security services shall be to carry out the duties specified in this Statute to help guarding the interests of the Republic of Hungary through open and covert information collection and thus to participate in protecting Hungary's sovereignty and guard its constitutional order.

Article 4

The Office of Information shall

a) acquire, analyze, evaluate, and forward information necessary for decisions by the Administration, or related to or originating from foreign countries, or useful for national security; moreover, it shall conduct activities that serve the interests of the Republic of Hungary;

b) detect efforts or activities of foreign secret intelligence services that violate or threaten the sovereignty or political, economic or other important interests of the Republic of Hungary;

c) collect information on foreign organized crime, especially on terrorist organizations, on illegal drug and arms dealers, and on international trade of arms of mass destruction, their parts or material and equipment necessary for their production, that threaten national security;

d) detect foreign intentions and acts directed to the undermining of Hungary's economy or financial situation;

e) participate in detecting and preventing the illegal trade of internationally controlled products and technologies;

f) provide security for Hungarian offices (institutions) abroad that are important for the Administration's activities;

g) carry out the duties of providing national security protection for and screening of persons under its authority;

h) provide professional management, official authorization, and supervision of code activities, and shall establish code keys.

Article 5

The Office of National Security shall

a) detect and avert efforts or activities of foreign secret intelligence services that violate or threaten the sovereignty or political, economic, defense or other important interests of the Republic of Hungary;

b) detect and avert covert efforts to unlawfully change or undermine the constitutional order of the Republic of Hungary;

c) detect and avert efforts by foreign powers, organizations or persons to commit terrorist acts;

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d) detect and avert covert efforts to threaten the economic, scientific-technological and financial security of the Republic of Hungary, as well as illegal drug and arms trade;

e) provide security for offices (institutions) abroad that are important for central Government and Administration activities;

f) carry out the duties of providing national security protection for and screening of persons under its authority;

g) carry out the administration and screening of persons who apply for immigrant, refugee, or Hungarian-citizen status, as well as for visas that involve the protection of national sovereignty and constitutional order;

h) carry out, until the order for investigation is issued, the detecting of criminal acts against the government (Penal Code [PC], Chapter X), criminal acts against humanity (PC, Chapter XI), and [carry out,] within its own authority, [the detection of] illegal escapes abroad (PC, Article 343), insurrection (PC, Article 352) and undermining military readiness (PC, Article 363);

i) detect criminal acts against national, ethnic, racial or religious groups (PC, Article 156) and terrorist acts (PC, Article 261) if the Office of National Security has been notified or has knowledge of such acts;

j) collect information on criminal acts of violation of government secrets (PC, Article 221), violation of international legal commitments (PC, Article 261/A), seizure of aircraft (PC, Article 262), instigation against community (PC, Article 269), and causing false alarm (PC, Article 270);

k) participate in detecting, preventing, and impeding the illegal trade of internationally controlled products and technologies, and supervise the legal trade [of such products and technologies];

l) participate in detecting, preventing, and impeding the illegal trade of equipment and services of military technology, and supervise the legal trade [of such equipment and services].

Article 6

The Office of Military Intelligence shall

a) acquire, analyze, and forward information necessary for decisions by the Administration, or related to or originating from foreign countries, involving military policy, military industry, or military aspects of national security;

b) detect offensive efforts against the Republic of Hungary;

c) detect efforts or activities of foreign secret military intelligence that violate or threaten the sovereignty or defense interests of the Republic of Hungary;

d) collect information on illegal arms trade that threaten national security, and on terrorist organizations that threaten the security of the armed forces;

e) participate in detecting and preventing the illegal trade of internationally controlled products and technologies;

f) provide information for the Staff of the Defense Forces for its strategic and tactical operations;

g) provide security for Hungarian military offices and institutions abroad that are important for Administration activities;

h) carry out the duties of providing national security protection for and screening of persons under its authority.

Article 7

The Office of Military Security shall

a) detect and avert efforts or activities of foreign secret intelligence services directed against the Ministry of Defense or the Hungarian Defense Forces;

b) detect and avert, within its own area of operation, covert efforts to unlawfully change or undermine the constitutional order of the Republic of Hungary;

c) detect and avert efforts by foreign powers, persons or organizations to commit terrorist acts against the Ministry of Defense or the Hungarian Defense Forces;

d) collect information on foreign organized crime that threatens the Ministry of Defense or the Hungarian Defense Forces and, especially, on illegal drug and arms dealers;

e) participate in detecting, preventing, and impeding the illegal trade of internationally controlled products and technologies, and supervise the legal trade [of such products and technologies];

f) participate in detecting, preventing, and impeding the illegal trade of equipment and services of military technology, and supervise the legal trade [of such equipment and services].

g) carry out the duties of providing security protection for designated objects (institutions) of the Administration and the military under its authority;

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h) carry out the duties of providing national security protection for and screening of persons under its authority.

i) carry out, until the order for investigation is issued, the detecting of criminal acts against the government (PC, Chapter X), criminal acts against humanity (PC, Chapter XI), and [carry out,] within its own authority, [the detecting of] illegal escapes abroad (PC, Article 343), insurrection (PC, Article 352) and undermining military readiness (PC, Article 363);

j) detect, within its own area of operation, criminal acts against national, ethnic, racial or religious groups (PC, Article 156) and terrorist acts (PC, Article 261);

k) collect information, within its own area of operation, on criminal acts of violation of government secrets (PC, Article 221), causing public danger (PC, Article 259), violation of international legal commitments (PC, Article 261/A), seizure of aircraft (PC, Article 262), instigation against community (PC, Article 269), and causing false alarm (PC, Article 270), threatening with public danger (PC, Article 270/A), violation of commitments involving the trade of internationally controlled products and technologies (PC, Article 287) and, moreover, [it shall] detect all crimes that hinder the Ministry of Defense or the Hungarian Defense Forces in carrying out their constitutional responsibilities;

l) carry out the duties of national security involving military research, development, manufacture, or trade at institutions of the Ministry of Defense or the Hungarian Defense Forces.

Article 8

(1) The National Security Special Services shall

a) provide service, at written requests and within the provisions of statutes, for legally authorized institutions, [to assist them] in the collection of secret information through the special equipment and methods of collection;

b) provide, on the basis of the needs of legally authorized institutions, special technical equipment and material that are necessary for the collection of secret information;

c) provide special communications channels for users authorized by the Administration;

d) provide official supervision for the protection of security documents;

e) engage in professional activities;

(2) The National Security Special Services shall not provide information for the Administration.

(3) The National Security Special Services shall be a special service, and may use the equipment and methods specified under Article 54, Paragraph 1, Sections a)-d), f), and g) at its own initiative only for carrying out its duties specified under Paragraph 1, Section a) and Article 9, Section d).

(4) The National Security Special Services shall not use the information collection equipment and methods specified under Article 54, Paragraph 1, Sections e), and h)-j) at its own initiative, except when carrying out its duties specified under Article 9, Section d).

(5) The services of the National Security Special Services shall be without any remuneration.

(6) Cooperation between institutions authorized to engage in the collection of secret information and the National Security Special Services shall be regulated by the Administration.

Article 9

The national security services shall

a) acquire, research, and develop the technical systems and equipment needed for carrying out their duties, [they shall] provide professional training related to the use of such equipment, and for these purposes may cooperate with one another and with other institutions;

b) carry out their duties, which shall be specified in a separate statute, related to special and emergency situations;

c) carry out, within the provisions of this Statute, the duties specified by the Administration, the Minister in charge of civil national security services, or the Minister of Defense;

d) carry out the duties related to the supervision of internal security and crime prevention;

e) provide professional training for professional personnel and public employees.

Supervision and Management of the National Security Services

Article 10

(1) The Administration shall oversee the civil national security services through a designated Minister, and the military national security services through the Minister of Defense (in the following: Minister).

(2) The Minister of Internal Affairs, the Minister of Defense, or the Minister of Justice shall not be designated to oversee the civil national security services specified under Paragraph 1.

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Article 11

(1) The Minister shall

a) prepare the drafts of statutes and decisions of the Administration related to the operation, responsibilities, and authority of the national security services, or shall participate in the preparations thereof;

b) help carry out national security tasks related to the implementation and guarding of the interests of the Republic of Hungary;

c) regulate the activity and operation of the national security services through decrees and other legal means of government administration;

d) maintain [international] relations in the interest of international cooperation by the national security services.

(2) By his authority of supervision, the Minister shall

a) specify for the national security services the tasks of, and issue directives for, carrying out duties based on statutes, the Administration's resolutions, or other decisions of the Administration;

b) specify for the directors general the services' appropriate tasks semiannually and in writing; issue written directives for fulfilling the requests for information by members of the Administration;

c) authorize, at the request of the directors general, the organizational and operational policies of the national security services and their personnel roster;

d) make budgetary recommendations for the national security services;

e) exercise, with regard to the budget of the national security services, the rights and obligations of the director of the appropriate office and the director of the office responsible for budget supervision to plan, modify allocations, report, provide information, finance, and supervise;

f) audit the finances of the national security services from the aspect of purposefulness and efficiency;

g) supervise the legal and proper operation of the national security services as well as their responsibilities;

h) authorize, at the request of the directors general, the internal policies concerning procedures of and authorization for collecting information;

i) authorize, at the request of the directors general, proposals concerning the national security services' international relations;

j) submit proposals to the Prime Minister for the appointment and dismissal of directors general;

k) exercise employer's rights over the directors general with the exception of appointments and dismissals, and appoint and dismiss their deputies, exercising employer's rights over them;

l) submit proposals to the President of the Republic for promotions to the rank of general;

m) authorize, at the proposal of the directors general, promotions to the rank of colonel;

n) authorize appointments to positions requiring the rank of general and dismissals of incumbent persons from such positions;

o) take measures regarding the inspection of internal security and crime prevention in connection with directors general and their deputies;

p) exercise his special rights specified in statutes and in decrees or resolutions issued by the Administration.

(3) The Minister shall not, by issuing directives within his authority of supervision, take away from the directors general any matter that is under their authority, nor can he curtail the authority of the directors general.

(4) The Minister may issue individual directives to the national security services through the directors general, but shall not issue any directive to the national security services regarding the substance of any decision they make on the basis of their rights as authorities.

(5) The Minister shall review complaints connected with the activities of the national security services, and shall inform the complainant within 30 days about the results of the review and the measures taken. This deadline may be extended once to an additional 30 days.

(6) The Minister, who oversees the civil national security services, shall supervise both the analysis and evaluation of government information on Hungary's national security and the work that supports the preparation of decisions made by the Administration.

Article 12

(1) The national security services are overseen by directors general who are nominated by the Minister and appointed and dismissed by the Prime Minister.

(2) The nomination of the director general of the National Security Special Services shall be presented by the minister in charge of the civil national security services in agreement with the Minister of Defense and the Minister of the Interior.

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Article 13

(1) Within the provisions of this Statute, other statutes, and [within the provisions] specified through other legal means of government administration, the directors general oversee the national security services with full and independent responsibility.

(2) The Chief of Staff of the Hungarian Defense Forces may request information necessary for carrying out his duties as specified in the Statute on Defense directly from the director general of the Office of Military Intelligence—even in the absence of superior or subordinate officers—who in turn shall comply immediately. The Minister of Defense shall determine the procedures for maintaining professional contacts and providing information.

(3) The director general

a) shall be responsible for the legal, proper, and professional operation of the national security service, and for carrying out the duties of the national security service;

b) may issue directives for the national security service under his supervision;

c) shall be responsible for handling the independent budget of the national security service, and for proper bookkeeping and accounting;

d) shall determine, with the Minister's approval, the internal policies for the procedures and authorization of secret information collection:

e) shall determine the internal policies of the procedures of data management;

f) shall prepare policies regarding organization and operation, and other internal directives, and shall coordinate and implement them;

g) shall submit proposals to the Minister regarding the deputy director general's appointment or dismissal, and regarding promotions to the ranks of general and colonel;

h) shall present for approval all appointments to positions requiring the rank of general, and dismissals therefrom;

i) shall exercise employer's rights regarding the personnel of the national security service, with the exceptions provided by statute;

j) shall submit to the Administration, through the Minister, a report on the activity of the national security service as needed, but at least annually.

Parliament's Supervision of the National Security Services

Article 14

(1) The National Assembly shall carry out the supervision of the national security services through its Committee on National Security (in the following: Committee). Only a representative of the opposition shall be chairman of the Committee.

(2) The Minister shall, regularly but at least semi-annually, advise the Committee on the general activity of the national security services.

(3) The Administration shall infrm the Committee through the Minister about its resolutions involving the national security services.

(4) During the course of Parliament's inspection, the Committee

a) may request the Minister and, informing the Minister at the same time, the odirectors general of the national security services to provide information on the situation in national security and on the operation and activity of the national security services;

b) may request the Minister of Justice, the minister who is in charge of the civil national security services, the Minister of Defense, and the directors general on the authorization processes specified under Articles 56 and 59;

c) may review complaints alleging unlawful practices by the national security services, if the complainant rejects the results of the review specified under Article 11, Paragraph 5, and if a two-thirds majority of Committee members deem the complaint important enough for [further] investigation; the Committee shall inform the complainant about its decision;

d) may request the Minister to initiate an investigation if it suspects an unlawful or improper activity by any of the national security services; the Minister shall inform the Committee about the results of the investigation;

e) may initiate a preliminary review if it discovers any unlawful activity by any of the national security services or if it deems such a review justified during the process specified under Sections c) and d) and under Article 27, Paragraph 4; during the review it may examine the appropriate files of the national security services and may question the staff of the national security services;

f) may request the Minister to take the necessary measures if it discovers in any way any unlawful or

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improper activity by any of the national security services and may initiate hearings on accountability; the Minister shall inform the Committee about the results of the review;

g) shall evaluate the detailed draft budget of the national security services, all budget items connected to secret information collection by other institutions that have such authorization, and a detailed draft of the report on the implementation of the annual budget; it shall then make a proposal to the National Assembly during a debate on bills to approve that budget;

h) shall hear the persons nominated to posts of director general before their appointment, and shall decide on their qualifications.

(5) The Committee may—if it is necessary for exercising its supervisory authority—request a staff member of the national security service to provide professional assistance, and must at the same time notify the appropriate director general.

Article 15

(1) The Committee shall receive all evaluative reports made by the national security services that are important from the aspect of national security, and reports made for the Administration.

(2) The Committee shall have the authority to examine the briefing reports of the national security services on other than individual matters.

(3) The Minister shall immediately inform the Committee if the national security services begin (or continue) to collect information on a parliamentary representative or a family member living at home. The representative involved shall not be informed about this activity.

Article 16

(1) During the course of the Committee's parliamentary review, the obligation of the Minister and the national security services to provide information shall not include, with the exception of Paragraph 2, information that may disclose information on any concrete matter that would threaten special national interests by disclosing information on methods or sources (involved persons).

(2) During the course of its review connected to unlawful activities of the national security services, the Committee may require, through a two-thirds majority vote, that the Minister and the directors general release information on internal methods used for secret information collection if such information is indispensable for determining unlawful activities.

Article 17

(1) The National Assembly's Committee on National Defense (in the following: Defense Committee) shall continually oversee the implementation of the duties of the national security services, including the following provisions:

a) the Minister shall advise, at least annually, the Defense Committee on the general activities of the national security services;

b) the Minister shall advise the Defense Committee on the Administration's resolutions regarding the military national security services;

c) the Defense Committee shall hear the persons nominated to posts of director general of the military national security services before their appointment, and shall decide on their qualifications.

(2) A National Assembly representative may become an elected member of the Defense Committee only after an investigation has been conducted as specified under Article 19.

(3) Members of the Defense Committee shall be under national security protection for the full duration of their term.

Article 18

(1) The meetings of the Committee shall be closed during the exercise of its supervisory rights, and the meetings of the Defense Committee shall be closed during the exercise of its authority as specified under Article 17.

(2) With regard to information that include government and policy secrets available to members of the Committee and the Defense Committee, the members shall be under obligation of secrecy even after their term.

(3) The Committee's parliamentary investigation process as specified in this Statute shall not involve any other statutory judicial or other process.

(4) The Committee's response to complaints or reports regarding the lawful operation of the national security services shall be worded so that it does not reveal the collection of secret information of the national security services.

Article 19

(1) A National Assembly representative may become an elected member of the Committee only after an investigation has been conducted as specified in this Statute.

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(2) In accordance with the rules that govern the screening of persons in important or confidential positions, the Speaker of the House shall initiate national security investigations of persons nominated by leaders of parliamentary groups to become members of the Committee. The leaders of the parliamentary groups may nominate only twice as many persons as the parliamentary group is authorized to nominate.

(3) The Office of National Security shall conduct the national security investigation of representatives who are nominated for Committee membership. The director general of the Office of National Security shall inform the representative involved in case a risk factor emerges.

(4) Following the national security investigation specified under Paragraph 3, the leader of the parliamentary group shall make a recommendation, which shall include as many nominees as the parliamentary group is authorized to nominate.

(5) If a risk factor is present with regard to a nominee listed in the recommendation and if the Committee has not yet been formed, the minister in charge of civil national security services shall inform the Speaker of the House and the leader of the parliamentary group involved.

(6) If a risk factor is present with regard to a nominee listed in the recommendation and if the membership is for an already operating Committee, the minister in charge of civil national security services shall inform the Committee and the leader of the parliamentary group involved about the risk factor.

(7) If the leader of the parliamentary group involved continues to uphold the recommendation even after receiving the information, the Speaker of the House shall decide in instances specified under Paragraph 5, and a majority vote of the Committee shall decide in instances specified under Paragraph 6 with regard to the continued validity of the recommendation.

(8) Members of the Committee shall be under national security protection for the full duration of their term.

Personnel of the National Security Services

Article 20

(1) The personnel of the national security services shall consist of professional staff and public employees. Separate statutes shall govern the legal status of the professional staff and the public employees.

(2) The personnel of the Hungarian Defense Forces shall constitute the professional staff of the military national security services. Their service status shall be based on statutes that govern the service status of professional soldiers.

(3) The Minister shall be authorized to engage, for the purpose of duty, the professional staff of the national security services in [other] supervisory support agencies.

Article 21

(1) The service status of the professional staff of the national security services shall be a service status for an undetermined period of time in which the service is performed in accordance with the order of subordination and hazard.

(2) Professional service status may be established with any able Hungarian citizen who has permanent residence, has no police record, is qualified by virtue of education, professional training, mental and physical health, is able to fulfill the requirements specified by the Minister, consent to the security investigation conducted for the purpose of establishing or maintaining a service status, and does not disclose any risk factor.

(3) Qualifications for service may be reviewed at the establishment and tenure of service status.

Article 22

(1) A professional staff member of the national security services

a) shall be considered a person who fills an important and confidential position;

b) may exercise his citizen's rights within the provisions of this Statute and a special statute on service status;

c) may not be a member of a party and may not engage in any political activity;

d) shall give prior notice to the director general of his intention to join a social organization; the director general may deny approval for the membership if it is in conflict with service duties or if it is against, or threatens, the interests of the service (incompatibility);

e) may not engage in any activity that undermines the dignity of the service status or hinders nonpartisan and impartial service;

f) may establish other working relationships with the permission of the director general; permission shall be denied in instances specified under Section e), and if the working relationship is incompatible with the profession or service position, if it may provide an opportunity to misuse information obtained in connection with the service, or if it is against, or threatens, the interests of the service.

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(2) A professional staff member of the national security services shall

a) take an oath;

b) carry out his duties in accordance with legal regulations;

c) comply, in accordance with Article 27, with his superior's directives;

d) implement and defend, through any and all lawful means and even sacrificing his life if necessary, the national security interests of the Republic of Hungary.

Article 23

(1) Public employees shall carry out duties at the national security services in areas where a professional service status, with special requirements, is unnecessary.

(2) Public employee status at the national security services may be given to persons who qualify as specified in the law on the status of public employees, and who give written consent to the security investigation conducted for the purpose of establishing or maintaining a service status.

(3) A professional service status may be changed to a public employee status, and a public employee status may be changed to a professional service status. The legal status of those persons whose status has been changed shall be governed by the provisions of a separate statute.

Article 24

The staff of the national security services shall have an obligation to maintain secrecy regarding government and service secrets of which they have knowledge, related to the national security services and their activities, and shall guard and defend government and service secrets. Release from this obligation may be obtained from the Minister or the directors general of the national security services. The staff of the national security services shall continue to have the obligation to maintain secrecy even after the termination of their service.

Article 25

Members of the professional staff of the national security services may receive extra secret service compensation up to 25 percent of their salaries. The Minister shall identify, at the recommendation of the director general, the positions that qualify for extra compensation. This extra compensation shall not be calculated into overtime compensations.

Basic Operational Policies of the National Security Services

Article 26

The detailed policies and the order of directives on the internal structure and operation of the national security services shall be determined in a manner in which personal responsibility is clearly identified.

Article 27

(1) While carrying out their duties, members of the professional staff of the national security services shall comply with the directives of their superiors, except when compliance would constitute an obvious criminal act.

(2) If a member of the professional staff of the national security services refuses to comply with a directive on the basis of Paragraph 1, he shall submit a report to the director general. The director general shall immediately forward that report to the Minister and the Committee.

(3) If a member of the professional staff of the national security services receives a directive for any unlawful act, he shall call the attention of the person issuing the directive to this effect; he may not refuse compliance, with the exception specified under Paragraph 1.

(4) If a member of the national security services notices any unlawful operation of the national security services, he shall submit a written report to the Minister. The Minister shall investigate the report and shall inform the Committee and the person who made the report about the initiation and results of the investigation.

Article 28

(1) The national security services shall cooperate with each other in order to carry out their duties.

(2) During the course of carrying out their duties, the national security services shall help each other. The detailed policies shall be governed by special agreements within the provisions of the law.

(3) During the course of carrying out their duties, the national security services may cooperate with natural persons, legal persons, or agencies that are not considered legal persons. The detailed policies may be governed by special agreements within the provisions of the law.

(4) The national security services may cooperate with foreign secret services in accordance with international agreements and obligations.

(5) In the interest of complying with security requirements, the national security services shall make special agreements, within the provisions of the law, with the

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appropriate agencies with regard to procedural policies on providing documents connected to social security, health care, tax reporting, budget, finance and statistics; on the archival supervision connected to the preservation of valuable documents; and on the use of foreign currency under the budget category of special operations.

Article 29

(1) Members of the Administration may request the Minister, in writing and within the provisions of this Statute, to define the information needs of the national security services. The reasons for the request shall be stated, and the absence of other sources for the information shall be indicated.

(2) Government agencies shall provide, in accordance with the Administration's specifications, any information necessary for the activities specified under Article 11, Paragraph 6 at no charge.

Article 30

(1) In the interest of carrying out the duties specified in this Statute, government agencies and permanently government-owned enterprises that are especially important from the aspect of national security, central organizations of energy supply, plants and institutions which operate communications systems or manufacture and use internationally controlled products and technologies, and plants and institutions which engage in military research shall, at the initiative of the directors general of the national security services and in accordance with normal employment requirements, establish relations of professional service, public service, public employment, or employment (in the following all together: employment) with staff members of the national security service.

(2) In the interest of carrying out the duties specified in this Statute, may establish employment with agencies not included in Paragraph 1 for time periods specified in special agreements.

(3) The national security services shall not initiate employment with courts, prosecutors, the Constitutional Court, the State Accounting Office, the Office of National Assembly Commissioners, the Office of the President of the Republic, and the Office of the National Assembly.

(4) Special employment policies concerning national security shall be set up, within the provisions of the appropriate statutes, through special agreements between the national security services and the agencies involved. The national security nature of the employment is a government secret, except when the parties to the agreement decide otherwise.

Measures the National Security Services May Take

Article 31

(1) The national security services shall not exercise investigative authority.

(2) Professional staff members of the national security services may take the measures specified under Articles 32-36 for the prevention of criminal acts that are within the responsibilities of the national security services, and for apprehending the perpetrator of such criminal acts.

(3) During the course of carrying out their duties, the national security services may, in accordance with the provisions of this Statute, restrict rights connected to personal freedom, home privacy, personal secrets, mail secrets, protection of personal data, access to public documents, and protection of property.

(4) No measure shall cause a disadvantage that is in excess of the lawful purpose of the measure.

(5) If any forcible means are used during the measure, any [bodily] injury shall be avoided.

(6) If more than one appropriate measures or forcible means are possible, one shall be chosen which will lead to results but cause the least restriction, injury or damage to the person involved.

Article 32

Professional staff members of the national security services may apprehend and detain a perpetrator caught in a criminal act that fall under the jurisdiction of the national security services, and may employ (physical) force to stop the act or resistance. Detention shall immediately follow the arrest.

Article 33

Professional staff members of the national security services may use handcuffs in the instance specified under Article 32 for the purpose of restricting the person's personal freedom or preventing a restricted person's

a) self-inflicted injury;

b) attack;

c) escape;

d) resistance.

Article 34

Professional staff members of the national security services shall have the right to carry service firearms. The

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Minister shall determine the detailed policies concerning the carrying, use, and storage of service arms.

Article 35

(1) Professional staff members of the national security services shall have the right to use firearms in accordance with the provisions of this Statute. They may decide to use firearms and, in special instances, may be directed to use firearms.

(2) Only shots intentionally directed at a person shall be considered use of firearms.

Article 36

(1) In addition to instances of justified self-defense or emergency, professional staff members of the national security services may use firearms

a) for averting an attack that severely threatens life or causing bodily harm, or a threat against life or causing bodily harm;

b) for averting or stopping any criminal act that involves a forcible change of constitutional order (PC, Article 139), destruction (PC, Article 142), spying (PC, Article 147), genocide (PC, Article 155), causing public danger (PC, Article 259), terrorist acts (PC, Article 261), or seizure of aircraft (PC, Article 262);

c) for averting the unlawful acquisition or attempt to acquisition, through force against persons or objects, of a government secret connected with the national security services;

d) for averting an attack or threat against an object of the national security services.

(2) Any use of a firearm shall be preceded by

a) a command to cease the unlawful activity;

b) a warning that the use of firearms will follow;

c) a warning shot.

(3) The measures preceding the use of a firearm may be omitted entirely or in part if there is no time for the preceding measures because of the circumstances of the instance, and if the delay would threaten the life of, or cause bodily harm to, the member of the professional staff or any other person in direct danger.

(4) Causing death shall be avoided during the use of firearms.

(5) Regardless of its consequences, the use of a firearm or a warning shot shall be immediately reported to a superior officer.

(6) With the exception of justified self-defense or emergency, firearms shall not be used against pregnant women or juveniles.

Article 37

(1) The person involved, or—if he is incapacitated—a family member of the person involved, may submit a grievance against a professional staff member of the national security services for taking the measures specified under Articles 32-36.

(2) The grievance must be submitted to the director general of the national security service within eight days after the person involved learns about the measure taken. No grievance shall be submitted beyond five years following the incident in question.

(3) The director general shall decide on the merits of the grievance within eight days after receiving it.

(4) The person involved may submit to the Minister an appeal against the decision within 8 days after being informed. The Minister shall uphold, change, or rescind the decision within eight days after receiving the appeal.

(5) An explanatory request may be submitted within 30 days after a missed deadline.

(6) The person involved may request a review of the Minister's decision in accordance with the provisions of the Civil Code, Chapter XX, which deals with the review of government resolutions. The Capital City Court shall have the exclusive authority for the process. The court shall rescind the grieved unlawful resolution.

Data Processing of the National Security Services

Article 38

—In the interest of carrying out their duties specified in this Statute, the national security services shall process personal data, special personal data, and public data (in the following all together: data).

Article 39

(1) The national security services shall obtain data

a) through a voluntary or required submission—in compliance with this Statute—by the person involved;

b) from an open source;

c) from the data bank of the agency that processes the data;

d) through the collection of secret information.

(2) During the course of the data processing, the national security services shall use methods that are absolutely necessary for the given task but at the same time are

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the least restricting regarding the rights of the person involved.

(3) Persons filling or having been nominated to important and confidential positions shall inform the national security services which are conducting the security check, about personal and special personal data that are related to the security check specified in this Statute.

Article 40

(1) In the interest of carrying out their duties, the national security services may, in the absence of other directives, request data from any data processing system, and may examine the systems and the document that is the basis of the records. The request shall be fulfilled even in the case of incomplete or fragmentary data. The fact of data transfer shall be documented by both the supplier and user.

(2) The national security services may request or use the data of records processed by government agencies, financial institutions, insurance companies, and communications companies without compensation. Other data processing agencies may subsequently request reimbursement of expenses incurred in connection with the national security services.

(3) The national security services may use natural personal identifiers or other identifiers specified in statutes during the course of requesting data from agencies that record the personal data and home address of citizens, or for the purpose of internal identification.

Article 41

(1) In the interest of carrying out their duties, the national security services may order, in writing and by disclosing the purpose of the measure, the placement of remarks in records of personal data and home address of citizens, in the records of the Ministry of the Interior and the Police, other administrative records, and the records used for the control of border crossings.

(2) In the remarks the national security services may request a change in the data, and may even request, in writing, the arrest of a person involved in the case of searching for the person involved or in connection with border crossings. The agency involved shall comply with the request of the national security services.

(3) The national security services shall immediately take measures for the removal of the remarks when the reasons for the remark cease to exist.

Article 42

(1) The request, examination, and furnishing of data by the national security services, and the fact of placing remarks, including the contents of all of the above, shall be considered government secrets.

(2) The data processing agency that furnished the national security services with data from their records, or allowed the examination of such data, or placed remarks in such data as requested by the national security services, shall not inform the person involved or other persons or organizations about the fact or contents of all of the above or about the measures taken.

(3) The director of any data processing agency or institution without a status of authority may submit to the Minister, without a delaying force, a grievance against the examination or furnishing of data.

Article 43

The national security services may use the obtained data only for the purpose that constituted the legal basis for requesting the data, except if the data indicate the presence of a criminal act that must be investigated *ex officio*, or if the data must be reported to another national security service, or if the user of the data is authorized to receive the data.

Article 44

(1) In the interest of carrying out their duties, the national security services shall request data from, or furnish data to, each other in accordance with this Statute.

(2) The Police, the Border Guard, Customs, the courts, prosecutors, and penal authorities shall have the right to request data from the national security services when stating the concrete purpose, which shall be in accordance with, and within the provisions of, the appropriate statutes that specify their responsibilities.

(3) The identity of the person who cooperates with the national security services (the source of the data) shall not be disclosed in the data furnished by the national security services. The directors general of the national security services may limit the use of the furnished data in order to protect the method and the source of the secret information collection.

(4) The agencies that request data are responsible for handling the data in accordance with this Statute and other statutes on the use of data, they shall keep records on the requested data and their use, and shall advise the national security services on those records when requested.

Article 45

On the basis of international obligations, the national security services may forward, within the provisions of

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the statutes on the protection of data, personal data to foreign data processors.

Article 46

The national security services shall keep records on the furnished personal data. These records shall include

a) the request for data;

b) the requester's file identification;

c) the date of the release of data;

d) copies of the documents related to the release of data, and other documents.

Article 47

(1) In the interest of carrying out their concrete duties, and as long as the protection and security of the data are provided by the other data processor, the national security services may connect their data processing systems with each other and with other data processing agencies.

(2) The connection shall be terminated after the completion of the concrete national security task, and the data that were produced during the connection shall be deleted after the completion of the process.

Article 48

(1) For reasons of national security or for protecting the rights of others, the director general of the national security services may deny the request of a person involved to be informed about data processed by the national security services, or on the records of data transfer specified under Article 46, or to have his personal data deleted, or a request for examining public data processed by the national security services.

(2) The national security services shall keep records on the requests submitted by persons involved, and shall annually advise the person responsible for data security on the method of the evaluation of the requests, and on the reasons for denial.

(3) For reasons of national security, the director general may restrict, in accordance with the provisions of Article 11, Paragraph 3 of Statute 1995/LXV on government and service secrets, the right of persons involved to examine the data of the national security services that are classified as service secrets.

Article 49

(1) The directors general shall take measures to prevent the unlawful access to, publication, modification, deletion, or destruction of the data, and to provide security against unlawful access (data security).

(2) The national security services shall routinely check the correctness of the processed personal data. Erroneous data shall be corrected and, during the course of data processing, data based on facts shall be separated from data based on presumptions, opinions, or estimations.

(3) The national security services shall separately process the data connected to their status of authority.

Article 50

(1) In the interest of carrying out their duties specified in this Statute, the national security services may adopt and process the following data taken from the records of agencies that have the right of data processing:

a) data of security documents, up to 10 years after their expiration;

b) documents produced during the supervision and management of the code activity, up to 10 years of their expiration;

c) documents produced during the course of carrying out the tasks of national security screening and protection, up to 20 years after the termination of one's position or title;

d) personal data collected in areas not listed under Sections a)-c), up to 70 years after the termination of collection.

(2) Personal data processed by the national security services shall immediately be deleted if

a) the deadlines specified under Paragraph 1 have expired;

b) deletion of data has been ordered by a court during the process of data protection;

c) the processing of the data is unlawful;

d) in the case specified under Article 60, Paragraph 2;

e) the processing of the data is obviously unnecessary.

(3) The obligation of deletion, with the exception of the instances specified under Paragraph 2, Sections b)-d), shall not include personal data taken from documents that must be transferred to an archive in accordance with the statute on the protection of archival material.

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Article 51

(1) In addition to data that contain government and service secrets, data connected to

a) the buildings and personnel;

b) the equipment and other contracts;

c) the responsibilities regarding security control and protection

of the national security services may be made public with the approval of the Minister or the directors general.

(2) The national security services shall annually advise the person responsible for data security on the denials of requests to examine documents specified under Paragraph 1, and on the reasons for the denials.

Article 52

(1) The National Assembly Commissioner of citizen's rights shall act with regard to the national security services in accordance with a separate statute.

(2) During his actions in connection with the national security services, the person responsible for data security shall have the same authority as that of the National Assembly Commissioner.

(3) In addition to [the authority] specified under Paragraph 2, the person responsible for data security may examine the internal policies and directives that govern the structure and operation of data processing of the national security services.

(4) The directors general shall assist, within the provisions of this Statute, the activity of the National Assembly Commissioner and the person responsible for data security.

Collection of Secret Information

Article 53

(1) In the interest of carrying out their duties as specified under Paragraph 4-9, the national security services may engage in the collection of secret information; this [activity] shall not include the tasks specified under Paragraph 4, Section h), and Paragraph 1, Sections d)-e).

(2) The national security services may use special means and methods of secret information collection only if the data that are necessary for carrying out the tasks specified in this Statute cannot be obtained in any other manner.

Collection of Secret Information Without External Authorization

Article 54

(1) During collection of secret information, the national security services may

a) request information;

b) collect information while concealing the national security nature [of the matter];

c) establish secret relations with private persons;

d) create and employ information systems to assist information collection;

e) employ traps that do not cause injury or damage to health;

f) create and employ cover documents for the protection of their own personnel and cooperating natural persons, and for concealing the national security nature [of the matter];

g) establish and operate cover institutions;

h) engage in surveillance of persons involved in their tasks, and rooms, buildings and other facilities, parts of fields and roads, vehicles, and events connected to that person, and may record their findings by technical means;

i) eavesdrop on conversation, in addition to the provisions of Article 56, and may record their findings by technical means;

j) collect information from officially authorized communications systems and other data storage equipment.

(2) The use of a law enforcement agency as a cover agency, or the use of its documents as cover documents shall only be done only after informing the appropriate minister or the national director of the agency in question.

Article 55

(1) With the prior approval of the prosecutor designated by the Prosecutor General, the national security services may make an agreement with the person suspected to be the perpetrator of the criminal act to provide information [in exchange for] a possible refusal or termination of the investigation, if the national security interests regarding the cooperation of the person involved are more important than the government's interest in taking criminal action.

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(2) No agreement shall be made with a person who committed a crime in which he intentionally caused death to another person.

(3) The National Security Special Services shall not have the authority specified under Paragraph 1.

(4) In case of an agreement, the national security services shall compensate for the damage caused by the perpetrator according to the Civil Code. The Minister of Justice shall represent the government in case of a request for compensation.

Collection of Secret Information With External Authorization

Article 56

Under external authorization, the national security services may

a) secretly search a home, and may record their findings through technical equipment;

b) observe and record events taking place in homes;

c) open and examine letters and other mail, and may record their contents through technical equipment;

d) learn about messages sent through public telephone lines or substitute communications services, and may record their findings through technical equipment.

Article 57

(1) The request for the authorization for collection of secret information specified under Article 56 may be submitted by the director general of the Office of Information, the Office of National Security, the Office of Military Intelligence, the Office of Military Security and, in connection with the tasks specified under Article 9, Section d), by the director general of the National Security Special Services.

(2) The request shall include

a) the place of collection, the name(s) and circle of person(s) involved, and the available data suitable for identification;

b) a description of and justification for the collection of secret information;

c) the exact dates of the beginning and termination of the activity;

d) in case of a request for authorization specified under Article 59, a justification for the necessity of such [authorization] for a national security service to be effective in a specific case.

Article 58

(1) During the course of carrying out the tasks specified under Article 5, Sections b), d), h)-j), and Article 7, Sections b), d), i)-k), the secret information collection specified under Article 56 shall be authorized by a judge specifically appointed for this task by the Chief Justice of the Capital City Court.

(2) During the course of carrying out national security tasks not specified under Paragraph 1, the collection of secret information specified under Article 56 shall be authorized by the Minister of Justice.

(3) The judge or the Minister of Justice (in the following all together: the Authorizer) shall make a resolution within 72 hours from the submission of the request. He shall approbate or, in case it has no merit, shall not approbate the request. The resolution shall not be appealed.

(4) The Authorizer shall authorize the collection of secret information for a maximum of 90 days in each case. The Authorizer may extend this deadline by another 90 days by the request of the directors general.

(5) During his decision to extend the deadline, the judge may learn about the data of the given case obtained during the secret information collection that he had authorized.

(6) The Authorizer shall not inform the person involved about the process and about the fact of the secret information collection.

Special Authorizations

Article 59

(1) The directors general of the national security services may authorize the continuation of the collection of secret information specified under Article 56 until a decision is made by the Authorizer, if an external authorization for the collection of secret information would cause a delay that would obviously undermine the effectiveness of the national security service.

(2) In the case specified under Paragraph 1, the directors general of the national security services shall submit a request for external authorization at the time of their authorization.

(3) The collection of secret information under the special authorization specified under Paragraph 1 shall be ordered only once in the same case, except when a new fact emerges that directly threatens national security.

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Termination of Collection of Secret Information With External Authorization

Article 60

(1) The externally authorized collection of secret information shall be immediately terminated when

a) it has achieved its authorized goal;

b) no further benefit can be expected from its continuation;

c) its deadline has expired without an extension;

d) the collection of secret information is unlawful for any reason.

(2) In the case of the special process specified under Article 59, Paragraph 1, the collection of secret information shall also be immediately terminated if the Authorizer does not authorize the continuation of collection. In this case, the data obtained during the collection of information shall immediately be destroyed in accordance with the legal provisions regarding the destruction of documents that contain government and service secrets.

Other Regulations Concerning the Collection of Secret Information

Article 61

(1) If the collection of secret information is done as specified under Article 8, Paragraph 1, Section a, then obtaining the authorization necessary for the collection shall be the responsibility of the agency requesting the service. The agency requesting the service shall be responsible for the legality of the request, and the National Security Special Services shall be responsible for implementing the request.

(2) The National Security Special Services shall forward all data obtained during the secret information collection that is done within the framework of its responsibility for providing service; the data forwarded shall be deleted from the files of the National Security Special Services.

(3) The National Security Special Services shall maintain data files connected with its responsibility for providing service, which shall include

a) the written request of an agency, together with an authorization;

b) the personal data necessary for the identification of persons named in the request;

c) a description of the means and methods of secret information collection employed in the given case;

d) a list of the data files forwarded to the requesting agency.

(4) The supplier of the data shall be responsible for the authenticity of the data, and the agency requesting secret information collection shall be responsible for the use of the data, i.e., for taking, or failing to take, measures based on these data.

Article 62

Until their possible use as evidence in a criminal process, the data obtained during the course of the collection of secret information, the identity of the natural and legal persons cooperating with the national security service and the agencies which are not legal persons, and the fact and technical details of the information collection shall be considered government secrets. Cooperating persons and agencies shall not make public any data related to said activity without the authorization of the Minister or the directors general.

Special Business Regulations Concerning the Collection of Secret Information

Article 63

(1) The national security services may include in their budget a special allotment for the expenses of their special operations connected with their basic activity. Contrary to general policies on accounting, special operations expenses shall appear as a single total sum.

(2) Personal and material expenses directly connected to secret service operations of the national security services and to the means and methods of the collection of secret information shall be considered special operational expenses.

(3) A source tax of 20 percent shall be deducted from the amount paid by the national security services to the cooperating private person, and paid to the APEH [Internal Revenue Directorate]. Private persons shall not have to add this income to their total income, nor shall they have to report it, and the payer shall not have to provide relevant data by name, nor shall he have to provide the private person with a receipt.

Article 64

(1) In the interest of carrying out their duties, the national security services may establish and operate cover agencies in accordance with the provisions of statutes on the types of cover agencies. A budgeting agency shall not be used as a cover agency.

(2) The establishment and operation of a cover agency shall be financed from the budget of the national security

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services. The expenses incurred for this purpose shall be considered special operation expenses.

(3) If the cover agency is dissolved, its assets shall be transferred to the national security services.

Article 65

The national security services may, in the area specified under Article 63, Paragraph 2, engage in hard currency transactions without the authorization of foreign exchange authorities.

Article 66

(1) Any external agency may examine the special operations expenses of the national security services exclusively from a legal aspect. Purposefulness and efficiency, with the exception of Article 11, Paragraph 2, Section f), shall not be examined in this area.

(2) During the course of examining the business operation of the national security services by an external agency, the auditing agency shall not have any data that pertains to information obtained through the secret information collection source, or the exact kind of the information collection method employed.

Regulations on National Security Protection and Screening

Article 67

(1) The purpose of national security protection provided by the national security services (in the following: protection) is to detect and avert clandestine efforts directed against the activities of persons specified in Appendix 1, or to unlawfully obtain protected information related to the activities of such persons and thus threaten or endanger the national security interests of the Republic of Hungary.

(2) During the course of providing protection, and in connection with a person to be protected, the national security services may employ the means and methods of secret and open data collection only with the written approval of such person.

(3) The national security services shall regularly advise the protected person on the security measures taken during the course of protection, and on the identity of persons involved in the security measures.

Article 68

(1) The purpose of national security screening done by the national security services (in the following: screening) shall be to examine whether persons nominated for or incumbent in important and confidential positions fulfill the security requirements necessary for government activities and the lawful operation of the national economy.

(2) The examination of security requirements shall mean the detection of risk factors, circumstances, and information which may be used to persuade persons in important and confidential positions to engage in unlawful activities, or which may make such persons vulnerable and thus a situation may emerge in which national security is endangered or threatened.

(3) The list of persons in important and confidential positions are to be found in Appendix 2.

(4) Prior to their nomination or appointment, the following persons shall be subjected to a one-time security screening in accordance with the regulations concerning nominees to important and confidential positions:

a) the judge authorizing the collection of secret information;

b) all ministers;

c) members of, and participating experts in, the Committee and the Defense Committee;

d) the appointed prosecutor specified under Article 55;

e) persons cooperating with agencies holding secrets, specified in Statute 1995/LXV, who may learn about government secrets during the course of carrying out their duties, or about service secrets that are under security protection in connection with international obligations.

Article 69

(1) The President of the Republic shall initiate the screening of

a) the Commander and Chief of Staff of the Hungarian Defense Forces;

b) the national Commander of the Border Guard;

c) leading officials of the Office of the President of the Republic.

(2) The Speaker of the House shall initiate the screening of

a) representatives nominated to membership in the National Assembly's National Security Committee and National Defense Committee; 3(3

b) leading officials of the Office of the National Assembly.

(3) The Prime Minister shall initiate the screening of

a) all persons nominated to any ministerial post;

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b) state secretaries and government officials of the same rank;

c) leading officials of the Office of the Prime Minister;

d) directors, deputy directors, and public officials of the same rank, of national agencies supervised by the Administration.

(4) The appropriate minister shall initiate the screening of

a) deputy state secretaries and government officials of the same rank;

b) ambassadors and consuls general directing agencies of foreign representation;

c) directors of central government agencies under a minister's supervision, and public officials of the same rank;

d) heads of ministerial departments, and government officials of the same rank;

e) national commanders and deputy commanders of law enforcement agencies under their supervision, and generals and appointees to positions requiring the rank of general;

f) directors of enterprises, all or the majority of which are owned by the government;

g) leading officials of banks, special financial institutions, and insurance agencies, the majority of which are owned by the government;

h) persons appointed by himself in accordance with Appendix 2, Paragraph 18.

(5) The Minister of Defense or the Commander of the Hungarian Defense Forces shall order, or initiate, the screening of the personnel of the Hungarian Defense Forces involving positions specified by the appropriate minister.

(6) The National Chief of Police shall initiate the screening of

a) chiefs and deputy chiefs of police;

b) the personnel of the Police involving positions specified by the appropriate minister.

(7) The National Commander of the Border Guard shall initiate the screening of the personnel of the Border Guard involving positions specified by the appropriate minister.

(8) The national commanders of law enforcement agencies shall initiate the screening of the personnel of the law enforcement agencies involving positions specified by the appropriate minister.

(9) The directors general of the national security services shall initiate the screening of the personnel of the national security services.

(10) The Chief Justice of the Capital City Court shall initiate the screening of judges who authorize secret information collection.

(11) The chairman of the Committee on National Security shall initiate the screening of persons appointed as experts during the Committee's process. The chairman of the Committee on National Defense shall initiate the screening of persons appointed as experts during the National Defense Committee's process.

(12) The Prosecutor General shall initiate the screening of the prosecutor appointed in accordance with Article 55.

(13) Directors of agencies holding secrets shall initiate the screening of persons specified under Article 68, Paragraph 4, Section e) and Appendix 2, Paragraph 19.

Article 70

(1) Prior to appointments to important and confidential positions, a screening of nominees shall be initiated.

(2) The screening of incumbent persons in important and confidential positions shall be initiated at least every five years by the agency authorized to take an initiative in its own area.

(3) Persons (experts) nominated or invited for a line of work or position that requires screening shall receive prior notice on the possibility, and possible methods, of screening.

(4) The screening for important and confidential positions shall be conducted only by the prior written consent of the persons nominated for, or incumbent in, such positions (in the following: the person involved).

(5) If the person involved does not consent to the screening, he shall not assume an important and confidential position.

(6) The person authorized to initiate the security screening shall submit, together with the questionnaire specified under Article 71, a written request to the Minister for ordering a screening. The Minister shall order a screening. 33

Article 71

(1) Prior to the initiation of screening, the person involved shall, at the request of the authorized person

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or his deputy, fill out the questionnaire specified in Appendix 3.

(2) The persons specified under Article 68, Paragraph 4 and under Appendix 2, Paragraph 1-17, shall fill out questionnaire C specified in Appendix 3.

(3) The appropriate minister or the director of the agency holding secrets shall determine, in accordance with Appendix 2, Paragraph 18 and 19, in which lines of work the questionnaires A, B, or C, specified in Appendix 3, shall be filled out by the persons involved.

(4) If data indicating the existence of a risk factor emerge during the course of the screening connected to questionnaires A or B, the national security service that conducts the screening may recommend the person involved to fill out questionnaire B or C.

(5) The scope of the screening shall be limited to the verification and evaluation of data given in the questionnaires and to the detection of any risk factors. The screening shall be completed within 30 days from its beginning. This deadline may be extended once to another 30 days; at the same time, the person involved and the initiator shall be informed about the extension.

(6) The screening, and the examination and evaluation of risk factors, shall be in proportion to the secrecy and other security requirements for the [given] important and confidential position.

(7) The national security service that conducts the screening may consult with the person involved, may hear persons of reference, may use personal files and the data of former screenings, may verify data in data processing systems, and may employ means and methods of secret information collection if the necessary data cannot be obtained in any other manner. The national security service may engage in secret information collection, specified under Article 56 and requiring external authorization, only in connection with screenings based on questionnaire C.

Article 72

(1) On the basis of information and data obtained during the course of the screening, the national security service shall prepare an expert security assessment which shall include all risk factors related to security. The expert assessment shall be countersigned by the Minister. The national security service shall inform the initiator about the expert assessment. The national security service shall bear the responsibility for failure to inform [the initiator].

(2) The initiator shall inform the person involved about the termination of screening and about the contents of the expert security assessment, with the exception of circumstances that indicate a criminal act.

(3) In connection with statements appearing in the expert security assessment which he considers untrue, the person involved may, in accordance with Article 11, Paragraph 5, submit a grievance to the Minister and, subsequently, to the Committee.

(4) Within the limitations of the Speaker of the House as specified under Article 19, Paragraph 7, the initiator shall be free to evaluate the information received from the national security service.

(5) The questionnaires filled out for screenings, and the data obtained by the national security services during the screenings, shall be considered government secrets.

Closing Rulings

Article 73

If the national security services must be downsized, the provisions of Article 4, Paragraph 23, Section (2) of Statute 1991/IV on promoting employment and on benefits to the unemployed, and the regulations on informing labor centers do not apply.

Explanatory Rulings

Article 74

In applying this Statute,

a) national security interest [means]: to protect the sovereignty and guard the constitutional order of the Republic of Hungary, including

—detecting and averting offensive efforts against Hungary's independence and territorial integrity,

—detecting and averting covert efforts to endanger or threaten Hungary's political, economic, and national-defense interests,

—acquiring information necessary for decisions by the Administration, related to or originating from foreign countries,

—detecting and averting covert efforts to unlawfully change or undermine Hungary's constitutional order that guarantees basic human rights, or the operation of representative democracy and constitutional institutions that is based on a multiparty system,

—detecting and averting terrorist acts, the illegal trade of arms and drugs and internationally controlled products and technologies;

b) government agency [means]: the ministries, national government bureaus and offices, the Office of

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the Prosecutor, the armed forces (the Hungarian Defense Forces and the Border Guard), and the law enforcement agencies;

c) law enforcement agency [means]: the civil national security services, the police, the government agencies of civil defense, the professional firefighters, the customs service, and the penal authorities;

d) home [means]: all rooms and areas that are not public or open to the public;

e) family member [means]: the spouse, a lineal relative, an adopted, step- or foster child, the adopting, step-, or foster parent, a sibling, a partner-in-life, the spouse of a lineal relative, a fiancee, the spouse's lineal relative or sibling, and the spouse of a sibling.

Article 75

(1) The civil national security services shall also be included whenever armed forces or armed corps are mentioned in the statutes.

(2) In the absence of other rulings, the civil national security services shall also be included whenever law enforcement agencies are mentioned in the statutes.

(3) The appropriate minister who supervises civil national security services is meant whenever the appropriate minister is mentioned in the statutes.

Entry Into Force

Article 76

(1) With the exception of the provisions of Paragraph 2-4, this Statute shall take effect 90 days following its announcement.

(2) The ruling specified under Article 26 shall take effect on 1 January 1996.

(3) Article 63, Paragraph 3, and Article 89, Paragraph 3 shall take effect on 1 January 1997.

(4) Article 14, Paragraph 4, Sections c)-e), Article 15, and Article 27, Paragraphs 2 and 4 shall take effect following the establishment of the Committee in accordance with Article 19.

(5) Article 16, Paragraph 2, and Article 19 Paragraph 1, Section h) of Statute 1995/LXV on government and service secrets shall take effect 90 days following the announcement of this Statute.

Rulings of Authorization

Article 77

(1) The Administration shall have the authority to determine through decrees

a) the policy for the professional control and official supervision of code activities;

b) the range of security documents, the responsibilities and authority of agencies qualified for security document protection, and the procedural policy of security document protection;

c) in the interest of creating the conditions for secret information collection, the policies and rules of cooperation between agencies authorized to conduct secret information collection and organizations that offer services in communications.

(2) The Administration shall have the authority to determine through resolutions

a) the policies on the jurisdiction of the national security services and their cooperation with other agencies;

b) the main areas of the activity of the national security services;

c) the policies on the information activity of the national security services and other government agencies, and the organization and detailed policies on the evaluation and use of national security information;

d) the range of agencies and institutions under national security protection.

(3) Within 60 days after this Statute takes effect, the Administration shall make the operation of the military national security services possible in accordance with Article 2, Paragraph 1 of this Statute.

Article 78

(1) The Minister shall have the authority to determine through decrees

a) the policy on the apartment management by the national security services and the employer's home benefits;

b) detailed policies on the introduction, bearing, and use of service arms;

c) the policy on the entry to facilities of the national security services;

d) the policy on granting ministerial recognitions.

(2) The Minister shall have the authority to determine through resolutions

a) the policy on the special requirements for service qualifications and the supervision of qualification requirements;

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b) the general policy of the national security services on the procedures of establishing and operating cover agencies;

c) all procedures which are specified in the statute on the budgetary operation and the reporting and bookkeeping obligations of agencies as falling under individual policies;

d) the detailed policies on the range of leading officials of the national security services to be protected, and on the security measures.

(3) The appropriate minister shall have the authority to determine through decrees the positions that are considered important and confidential in accordance with Appendix 2, Paragraph 18, and the levels of security screening for these positions.

Article 79

[The following] shall expire at the time this Statute takes effect:

a) Statute 1990/X on the temporary policies of the authorization for the secret services' special means and methods;

b) the last sentence of Article 26, Paragraph 3 of Statute 1992/LXIII on the protection of personal data and on public access to documents of public interest;

c) Law-decree 1957/66 on appointments to important and confidential positions;

d) the second sentence of Article 52 of Law-decree 1971/10 on the service relations between the professional staff of the armed forces and armed corps;

e) Article 4 of Statute 1974/17, Article 11, Paragraph 1 on the passage on the national security services of the same statute, Article 11, Paragraphs 5-7 of the same statute, and Statute 1990/LI on the amendment of Law-decree 1974/17;

f) MT [expansion unknown] Decree 26/1990 (14 Feb) on the temporary policies on carrying out national security duties, MT Decree 90/1990 (2 May) on the latter's amendment, MT Decree 98/1990 (11 Jun), Government Decree 38/1990 (14 Sep), and Article 20, Paragraph 3 of Government Decree 43/1994 (29 Mar);

g) Article 11, Section g), and Article 77 of Statute 1993/CX on national defense;

h) Article 13 of Government Decree 166/1992 (18 Dec) on the amendment of Government Decree 61/1990 (1 Oct) on the authorization for trade of certain internationally controlled products and technologies;

i) Article 5, Paragraphs 1-3, and Article 6, Paragraph 2 of Government Decree 85/1994 (31 May) on certain policies regarding the budgetary operation, and the reporting and bookkeeping obligations of the national security services;

j) Government Decree 108/1994 (21 Jul) on the responsibilities of Dr. Bela Katona, minister without portfolio.

Amended Rulings

Article 80

The following passage shall be appended to Article 28, Paragraph 3 of Statute 1968/I:

(Article 28, Paragraph 3, soldier in the employment of decrees on misdemeanors)

"is a professional staff member of the civil national security services."

Article 81

(1) Appendix, Paragraph 1, Section f) of Statute 1972/V on the Office of the Prosecutor of the Republic of Hungary (in the following: PS) shall be replaced by the following ruling:

(1) The Office of the Prosecutor shall have the exclusive authority to investigate [the following] criminal acts:)

"f) Nonmilitary criminal acts committed by professional staff members of the police, and nonmilitary criminal acts that are not connected with service, committed by professional staff members of the armed forces and the civil national security services."

(2) the last French paragraph of Appendix, Paragraph 2 of PS shall be replaced by the following ruling:

(The Military Prosecutor's Office shall have the exclusive authority [to investigate the following criminal acts]:)

"—criminal acts committed by professional staff members of the armed forces, and criminal acts committed by professional staff members of the civil national security services at the place of, or in connection with, service."

Article 82

(1) The following Paragraph 2 shall be appended to Article 127 of the repeatedly amended Statute 1973/I on the penal process (in the following: PP), and Paragraph 3 shall be replaced by the following ruling:

"(2) With the prior approval of the Prosecutor, the investigating authorities may refuse the investigation of a suspected criminal act if the interests of national security or the criminal process connected to the cooperation

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with the person suspected to have committed the criminal act are greater than the government's interest in criminal law enforcement.

"(3) If the investigating authorities refuse the investigation because of national security considerations, the prosecutor appointed by the Prosecutor General shall have the authority to approve that decision."

(2) The following Article 129/A shall be appended to PP:

"Article 129/A

"(1) If the authorities refuse the investigation on the basis of Article 127, Paragraph 2, the government shall be responsible to compensate for the damage caused by the perpetrator according to the Civil Code.

"(2) The Minister of Justice shall represent the government in case of a request for compensation.

"(3) If the authorities refuse the investigation on the basis of Article 127, Paragraph 2, and if the financial and legal consequences of the criminal act evaluated in the decision must be determined in a civil suit, the court shall not determine that the perpetrator did not commit that act."

(3) The following Article 129/B shall be appended to PP:

"Article 129/B—If the authorities refuse the investigation on the basis of Article 127, Paragraph 2, the decision shall consist of a ruling part and a dating part. The ruling part shall include:

a) the specification of the criminal act;

b) the fact of the investigation's refusal;

c) information on the possibilities for having the government compensate for the damage caused by the criminal act."

Article 83

(1) The following Paragraph 2 shall be appended to Article 139 of PP, and Paragraph 3 shall be replaced by the following ruling:

"(2) In case an acute suspicion of a criminal act exists, the investigating authority may, with the prosecutor's prior approval, terminate the investigation if the interests of national security or the criminal process connected to the cooperation with the person suspected to have committed the criminal act are greater than the government's interest in criminal law enforcement.

"(3) If the investigating authorities terminate the investigation because of national security considerations, the prosecutor appointed by the Prosecutor General shall have the authority to approve that decision."

(2) The following Article 141/A shall be appended to PP:

"Article 141/A

"(1) If the authorities terminate the investigation on the basis of Article 139, Paragraph 2, the government shall be responsible to compensate for the damage caused by the perpetrator according to the Civil Code.

"(2) The Minister of Justice shall represent the government in case of a request for compensation.

"(3) If the authorities terminate the investigation on the basis of Article 139, Paragraph 2, and if the financial and legal consequences of the criminal act evaluated in the decision must be determined in a civil suit, the court shall not determine that the perpetrator did not commit that act."

(3) The following Article 141/B shall be appended to PP:

"Article 141/B—If the authorities terminate the investigation on the basis of Article 139, Paragraph 2, the decision shall consist of a ruling part and a dating part. The ruling part shall include:

a) the specification of the criminal act;

b) the fact of the investigation's refusal;

c) information on the possibilities for having the government compensate for the damage caused by the criminal act."

Article 84

Article 331, Paragraph 1 of PP shall be amended as follows:

"(1) Military criminal acts committed by soldiers during their actual term of service (PC, Chapter XX), or other criminal acts committed by professional staff members of the armed forces or professional staff members of the civil national security services at the place of, or in connection with, service shall be subject to military court marshal (PC, Article 122, Paragraph 1)."

Article 85

Article 122, Paragraph 1 of Statute 1978/IV on the Penal Code shall be amended as follows:

"(1) Under the provisions of this Statute, soldiers shall be [considered] active members of the armed forces, and professional staff members of the police and the civil national security services."

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Article 86

The following passage shall be appended to Article 3, Paragraph 2 of Statute 1989/VII on striking:

"(Article 3, Paragraph 2—A strike is unjustified)

"and at the civil national security services."

Article 87

Article 16, Paragraph 2 of Statute 1989/XXXVIII on the State Accounting Office shall be amended as follows:

"(2) The State Accounting Office shall, in accordance with the law, monitor the data related to party finances, the use of grants authorized in a special statute by the National Assembly for parliamentary groups, the issuance of bank notes and coins by the Hungarian National Bank, and the special operations budget of the national security services."

Article 88

The following paragraph shall be appended to Article 32, Paragraph 7 of Statute 1992/LXXII on communications:

"(7) Organizations that provide communications services shall cooperate with agencies that are authorized by special statutes to conduct secret information collection, and shall provide the means and methods of collection."

Article 89

(1) The following Paragraph 4 shall be appended to Article 64 of Statute 1994/XXXIV on the Police (in the following: SP):

"(4) The use of a law enforcement agency or a national security service as a cover agency, or the use of their documents as cover documents shall only be done only after informing the appropriate minister or the national director of the agency in question."

(2) Article 67, Paragraph 1 of SP shall be replaced by the following ruling, i.e., the following Paragraph 3 shall be appended:

"(1) With the approval of the prosecutor, the Police may make an agreement with the perpetrator of the criminal act to provide information [in exchange for] a possible refusal or termination of the investigation, if the national security interests are more important than the government's interest in taking criminal action.

"(3) No agreement shall be made with a person who committed a crime in which he intentionally caused the death of another person."

(3) The first sentence of the Article 95, Paragraph 2 of SP shall be amended as follows:

"(2) A source tax of 20 percent shall be deducted from the amount paid by the Police to cooperating private persons in accordance with Paragraph 1, and paid to the APEH."

Article 90

(1) Article 15, Paragraph 2 of Statute 1995/LXV on government and service secrets shall be amended as follows:

"(2) In the case of service secrets to be protected by security screening because of government secrets or international obligations, the person holding secrets shall be subjected to a security screening in accordance with the Statute on National Security."

(2) The following passage shall be appended to Article 9, Paragraph 3 of Statute 1990/LV on the legal status of National Assembly representatives:

"In connection with government secrets produced in the areas of activity of the Office of Military Security and the Office of Military Intelligence, this right shall be exercised according to the provisions of Article 17 of Statute 1995/CXXV."

Article 91

Article 10, Section h) of Statute 1993/CX on national defense shall be replaced by the following ruling:

"h) shall direct the Ministry of Defense, directly supervise the military national security services, and supervise the activity and operation of other agencies under his authority in accordance with the provisions of the Statute on National Security."

[Signed] Arpad Goncz, President of the Republic

[Signed] Dr. Zoltan Gal, Speaker of the House

Appendix 1, Statute 1995/CXXV

Officials to be protected:

1. the President of the Republic,

2. the Prime Minister,

3. the Speaker and Deputy Speakers of the House,

4. the Chief Justice and justices of the Constitutional Court,

5. the Chief Justice and deputy chief justices of the Supreme Court,

6. the ministers,

7. the Prosecutor General and his deputies,

8. the Director and deputy directors of the State Accounting Office,

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9. the National Assembly Commissioners and the general deputy of the National Assembly Commissioner on citizens' rights,

10. the members of the National Assembly's Committee on National Security and Committee on National Defense,

11. judges who authorize the collection of secret information,

12. the prosecutor appointed by the Prosecutor General in accordance with Article 54,

13. the president and vice presidents of the Hungarian National Bank.

Appendix 2, Statute 1995/CXXV

Persons in important and confidential positions:

1. ambassadors and consuls general directing agencies of foreign representation,

2. state secretaries and government officials of the same rank,

3. deputy state secretaries and government officials of the same rank,

4. directors of national agencies, their deputies, and public officials of the same rank,

5. directors of central government agencies under a minister's supervision, and public officials of the same rank,

6. leading officials of the Office of the National Assembly,

7. leading officials of the Office of the President of the Republic,

8. leading officials of the Office of the Prime Minister,

9. the Commander and Chief of Staff of the Hungarian Defense Forces,

10. the National Commander of the Border Guard,

11. national commanders and deputy commanders of law enforcement agencies,

12. the National Chief of Police, and chiefs and deputy chiefs of police

13. generals and appointees to positions requiring the rank of general,

14. heads of ministerial departments, and government officials of the same rank,

15. directors of enterprises, all or the majority of which are owned by the government,

16. leading officials of banks, special financial institutions, and insurance agencies, the majority of which are owned by the government,

17. staff members of the national security services,

18. persons occupying positions—specified by the appropriate minister—within the ministries, national agencies, the armed forces, and law enforcement agencies who may in their daily duties learn about government secrets or service secrets requiring security screening because of international obligations, or whose positions are threatened by covert external offense,

19. persons not included under Paragraph 18, who are designated by the director of agencies holding secrets, as specified in Statute 1995/LXV, and who may in their daily duties learn about government secrets or service secrets requiring security screening because of international obligations.

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1996 Media Law

96CH0046A Budapest MAGYAR KOZLONY in Hungarian 15 Jan 96 pp 97-141

["Text" of Law No. 1 of 1996 on the electronic media; adopted by the National Assembly on 21 December 1995]

[FBIS Translated Text]

Law No. 1 of 1996

On Radio and Television Operations

To foster free and independent radio and television operations, the free expression of opinion and independent, balanced, and objective information, as well as universal and national cultures; to reinforce the prevalence of a variety of views and cultures, and further, to prevent the development of information monopolies, the National Assembly creates the following law consistent with Article 61 of the Constitution:

CHAPTER I

General Provisions

Scope

Article 1

(1) This law shall be applied to radio and television programming services in Hungary, and to the related dissemination of programs.

(2) This law shall also apply to program providers not from Hungary, if so provided for by international agreement.

Definitions

Article 2

In the context of this law:

1. *Transmission time* means the combined total time used for the transmission of programs and information that does not qualify as an individual program, including the standard signal, the monoscope, the program signal, the pause signal, the announcement of the accurate time of day, information not related to a program conveyed by the announcer, as well as interruptions of programs caused by technical difficulties.

2. *Basic service* means program distribution services provided to subscribers for the lowest fee.

3. *Determinant share* means:

a) the direct or indirect ownership of an enterprise, which, as a whole, represents control in excess of 25 percent over the assets or the votes to be cast; *shares owned directly or indirectly by close relatives*—as defined in Article 685, b), of the Civil Code of Laws—shall be viewed as shares owned by one and the same individual, or

b) a situation, which enables the exertion of significant influence in an enterprise based on an agreement, the articles of association (bylaws) or preferred stock, manifesting itself in the appointment (removal) of members of supervisory organs or in some other manner.

4. *Concealed advertisement* means a program or information conveyed as part of a program which creates the semblance of neutral information, but which nevertheless motivates persons to purchase certain goods or services, or to manifest a certain business conduct.

5. *Incremental value services* means the dissemination of programs and information not related to programming services.

6. *Motion pictures* means feature films, television movies, television plays, television feature film series, documentaries, popular science films, and animated films.

7. *Prime time* means the time period beginning at 6:30 am and ending at 9:30 am in radio, and the time period beginning at 6:30 pm and ending at 9:30 pm in television.

8. *Joint networking* means two or more program providers joining for the simultaneous or almost simultaneous transmission of an individual program or a series of programs.

9. *Network program provider* means a program provider, whose series of programs or individual programs are disseminated as a network program, and who can be held responsible for providing the programs.

10. *Local programming service* is a programming service in whose receiving area no more than an annual average of 100,000 people, and if an urban area, no more than 500,000 people reside.

11. *Charitable announcement* means programs, or parts of programs included in a slate of programs without enuring monetary or other benefits, programs which call for the provision of aid to natural persons, a certain group of natural persons, or a social organization, foundation, etc., formed for the purpose of supporting these natural persons or groups of natural persons.

12. *Text on screen* means written information, still pictures, and computer graphics shown on the screen, prior to the beginning, or after the end of programming time, or between individual television programs.

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13. *Supplemental programming* means additional information closely related to programming services provided simultaneously through radio or television programming with the help of supplemental technical solutions applied by the same program distributor on the same program distribution or broadcast channel.

14. *Classic advertisement* means an advertisement which does not constitute a direct offer.

15. *Regional programming services* means programming services provided to a reception area which exceeds in size the reception area for local programming, but is inhabited by less than half of the country's population.

16. *Public interest announcement* means:

a) a program whose contents have been defined by, and are being broadcast at the request of a natural person or an organ performing the tasks of the state, a local, or a regional government, to attract the attention of the populace, and

b) an individual program presented to enhance a nonpolitical goal that calls for the support of a public interest goal or popularizes such an event or goal, and further, an individual program that calls public attention to a circumstance that threatens the realization of such a goal.

17. A *public program provider* is a program provider who, on the basis of his own programming service rules accepted by the National Radio and Television Board presents programs a majority of which are public service programs.

18. A *Public service program* means a program in which individual public service programs play a definitive role and regularly inform listeners within the reception area of issues of public interest.

19. An *individual public service program* means an individual program which satisfies the informational, cultural, and utilitarian needs of listeners and viewers as citizens within the program provider's reception area (national, regional, local), thus, especially:

a) presentations of the creative arts, international culture, the culture of Hungary and of national and ethnic minorities in Hungary, as well as the lives of national and ethnic minorities in Hungary, and of minority viewpoints;

b) presentations of educational and training materials;

c) reports on scientific activities and achievements;

d) programs enhancing the realization of freedom of religion, and presentations of the activities of churches and religious life;

e) programs for children and youth;

f) dissemination of knowledge that helps resolve problems occurring in everyday life; dissemination of information to encourage citizens to familiarize themselves with legal affairs and public life, with a healthy lifestyle, the protection of the environment, the conservation of nature and scenery, public safety and traffic safety;

g) individual programs prepared for groups whose members are severely disadvantaged as a result of age, physical, intellectual, or spiritual conditions, or social circumstances;

h) newscasts.

20. *Public service program provider* means a program provider, whose functioning is determined by rules and regulations pertaining to public service programming. The majority of the tasks performed by public service program providers involves public service programs; public service programming services are financed by public funds, supervised by society, and their fundamental rights and duties are established by this law.

21. *Indirect ownership* means proprietary or voting rights to which the owners of another enterprise having proprietary or voting rights in an enterprise (hereinafter: companion enterprise) are entitled. The larger ratio shall be considered if the ratio of ownership shares and votes differs. To determine the ratio of indirect ownership, the ratio of ownership shares or votes prevailing in the companion enterprise shall be multiplied by the companion enterprise's ratio of ownership shares or votes in the original enterprise. If the enterprise owns a majority of the shares in the companion enterprise, this should be regarded as a single whole. In case of natural persons, ownership shares or voting stock owned and the related rights exercised by close relatives (Article 685, b), of the Civil Code of Laws) shall be combined.

22. *Direct offer* means an advertisement which calls for the purchase, sale, or lease of products and services through direct contact with the commercial distributor or service organization.

23. *Programming services directed abroad* means nonsatellite programming services whose targeted reception area—based on the possible transmission characteristics of the equipment used—overwhelmingly falls beyond the borders of the Hungarian Republic, or satellite programming services from Hungary, whose reception area is outside of Hungary.

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24. *Programming services from Hungary* means programming services whose:

a) program provider is a natural person with residence in Hungary, a legal entity domiciled in Hungary, or an unincorporated business organization, or whose

b) program dissemination equipment or network used for presentation has been set up within the territory of the Hungarian Republic.

Programming services originating from outside the Hungarian Republic, presented simultaneously without change, do not qualify as programming services from Hungary.

25. *Program* means the structured and published sequence of individual radio and/or television programs.

26. *Program distribution* means the simultaneous, unchanged transmission of signals produced by the program provider over a cable network or nonbroadcast radio telecommunications system from the program provider's premises, or from the end terminal of the program relay network with the inclusion of a separate, intermediary organization to an authorized receiver, except for signal forwarding accomplished with the help of a network suitable to connect fewer than ten receivers. Cable systems within the limits of a building lot (e.g., a block of owner-occupied apartments) does not qualify as program distribution.

27. *Programming time* means the combined total time consumed by individual programs in a given period.

28. *Individual program* means a sound or picture, or an interconnected ensemble of these—constituting a closed unit, or constructed from independent parts into a closed unit—delimited by a main title individually designating the ensemble as a whole by additional distinguishing marks as necessary, and by communication indicating the end of the ensemble.

29. *Program relay* means simultaneous conveyance of signals produced by the program provider with an unchanged content, to radio and television broadcast stations and program distribution networks over cable networks, and further, over surface or satellite nonbroadcast radio telecommunications systems.

30. *Programming service* means the systematic transmission of a radio or television program to anyone operating an appropriate receiver, provided that the program is permanently designated by a title, transmitted at a time publicized in advance over a certain publicized channel of any program dissemination system.

31. *Program provider* means an enterprise licensed to provide programs pursuant to this law, which formulates a sequence of individual programs, or decides which individual programs should be included in the program.

32. *Broadcasting* means a one-way radiotelecommunications procedure for the transmission of sounds, pictures or signals of another character through terrestrial or satellite transmission systems to—in principle—an unlimited number of users having appropriate receiving equipment.

33. *Program dissemination* means the conveyance through electronic means (broadcast or program distribution) of program signals produced by the program provider simultaneously, in an unchanged form, to the user's receiver set.

34. *Nonprofit program provider* means a program provider who agrees to serve a cultural purpose, or the purposes of a national, ethnic, minority, or disadvantaged group, or who intends to serve as the public forum for a residential community, provided that his separately accounted-for income derived from the provision of programming services is used exclusively for the continuation and development of programming services.

35. *National interest representation and professional organization* means interest groups and professional organizations under the authority of Law No. 2 of 1989 on the right to assemble, whose bylaws indicate that the operations of the organization are of a national scope.

36. *National programming service* means programming services provided to a reception area in which at least 50 percent of the country's populace resides.

37. *Newspaper with national circulation* means a daily newspaper whose daily circulation in at least 10 counties is at least 1,000 copies per county, or, in Budapest at least 40,000 copies, and further, a weekly newspaper, whose weekly number of copies sold amounts to at least 500 in each of at least 10 counties, or to at least 30,000 in Budapest.

38. *Combined individual programs* means the ensemble of several individual programs designated by a single main title.

39. *Political advertisement* means an individual program which:

a) calls for or influences the participation, success or support of a political party, political movement, or its nominees in an election or popular referendum, or

b) popularizes the name, activities, purposes, slogan, emblem, or image of a political party or political movement.

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40. *Subliminal advertisement* means an advertisement whose volume of sound or intensity of light is, in a psychological sense, too slight to be consciously perceived by listeners or viewers due to the brevity of presentation or for some other reason.

41. *Commercial advertisement* means an individual program of public information presented, or programming time made available for the presentation of public information in exchange for fee or compensation, which enhances the sale or other compensated use of a product, service, real property, right, or obligation named or shown in the commercial advertisement, or creates an impact desired by the advertiser.

42. *Self-produced individual program* means an individual program, most of which is produced by

a) a natural person employed by the program provider, or by

b) a natural person residing in Hungary, a legal entity domiciled in Hungary, or an unincorporated business organization doing business in Hungary, all at the expense of the program provider, if as a result of the individual program the program provider is entitled to benefit from the pecuniary rights defined in this law.

43. *Specialized programming* means the provision of a program for at least 80 percent of the daily programming time, composed of individual programs agreed to by the program provider in the framework of an application process or announcement.

44. *Sponsoring* means financial or other contribution of an economic nature provided to the program provider for the production and public presentation of an individual program that does not qualify as a commercial advertisement, to popularize the name, trade mark, distinguishing mark, or image of the contributor, or a third person named by the contributor.

45. *Enterprise* means the activities and ownership situation of legal entities or unincorporated business organizations regardless of domicile, as well as of natural persons, all pursuant to this law.

46. *Cable program distributor* means a program distributor, who distributes programs through a closed circuit network.

47. *Receiving area* means the following:

a) if programs are broadcast, it is the geographical area in which the level of useful signals broadcasting the program, and the estimated extent of protection against interference reach the minimum value contained in the prevailing recommendations of the International Telecommunications Association;

b) if programs are transmitted through cable networks, the inhabited area in which the cable network has been established, and in which the inhabitants of the area have an opportunity to be connected to the ridge network for a fee customary in the inhabited area;

c) if programs are transmitted through program relay radio telecommunications systems, the geographical area in which the level of the useful signals of the program distribution system, and the extent of protection against interference reach the minimum level for acceptable reception quality declared to be necessary in the program delivery contract;

d) if programs are transmitted by network program dissemination systems, the combined total of the reception areas of the individual systems.

48. *Individual musical program* means an individual program presenting copyrighted musical compositions.

CHAPTER II

Principles and Rules of Programming Services

Part (A)

General Basic Principles and Rules

Title 1

Basic Principles

Article 3

(1) In the framework of this law, programming services may be freely provided in the Republic of Hungary; information, as well as opinions may be freely conveyed through programming services; Hungarian and foreign programs intended for public listening or viewing may be freely received. In the framework of this law, program providers determine the contents of programs themselves, and are responsible for those contents.

(2) Program providers shall respect the constitutional order of the Hungarian Republic; their activities shall not violate human rights, and shall not be suitable for inciting hatred against persons, genders, peoples, nations, national, ethnic, linguistic and other minorities, or against churches or religious groups.

(3) Programming services shall not be directed against any minority, nor shall such services be designed to overtly or covertly offend, exclude, present on a racial basis or condemn any population in the majority.

Article 4

(1) Domestic and foreign events, disputed issues of public interest in Hungary shall reflect many viewpoints

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factually and objectively, and on a timely and balanced basis.

(2) The totality of individual programs presented as part of programming services, or any group of these individual programs classified on the basis of content or artistic form shall not serve any political party or movement or their views.

(3) Associates regularly featured as hosts, news announcers and reporters in the program provider's individual political information programs and newscasts may add news analyses to the program provider's political news reports, but shall not express opinions or assessments regarding such reports, irrespective of the legal basis of their work relationships.

(4) Opinions expressed, and assessments made regarding news reports presented as part of the program shall be presented distinct from news reports, by designating such presentations as opinions or assessments, and by naming the person whose opinions or assessments are stated.

Article 5

(1) Listeners and viewers shall be notified before presenting images or sound effects which offend religious convictions or matters of faith, constitute violence, or are otherwise suitable to disturb the peace.

(2) Individual programs designed or suitable to influence religious convictions or the world view of people shall be presented with prior notice indicating this character of the individual program.

(3) Images and sounds conveying violent conduct shall not be shown as examples to be followed in individual programs intended for viewing or listening by minors.

(4) Individual programs that harm the personality development of minors, thus, especially individual programs depicting violence as an end in itself and as conduct to be emulated, and sexuality as an end in itself may be presented only between 11:00 pm and 5:00 am. Listeners and viewers shall be notified of such content before the presentation.

(5) The presentation of individual programs inflicting grave harm on the personality development of minors is hereby prohibited.

Title 2

Certain Requirements Regarding Program Structure

Article 6—At least 15 percent of the annual radio programming time consisting of individual musical programs shall consist of musical programs produced in Hungary. This requirement shall not apply to program providers who do not present individual musical programs.

Article 7

(1) In at least 10 percent, and beginning on 1 January 1999, in at least 15 percent of the annual programming time, and at least 7 percent of the annual costs, and beginning on 1 January 1999, at least 12 percent of the annual costs—calculated pursuant to Article 15, (7), of Law No. 18 of 1991 on accountancy—shall be expended by national and regional television for the presentation of individual programs it has caused to be produced by, or acquired from outside entrepreneurs; in the latter case provided that such individual programs were produced during the preceding five year period.

Television shall not have indirect or direct ownership shares in such outside enterprises, and close relatives of the head of television, and of leading employees of the television—as defined in Article 685, b), of the Civil Code of Laws—shall not have either an employment relationship or proprietary interest in such enterprises. Except for motion pictures, the individual programs defined above shall be made in Hungary.

(2) Only the network program provider shall comply with the Section (1) requirement if the program presentation is accomplished by joint networking.

(3) Not including motion pictures, advertisements, newscasts, sportscasts, contests and game shows, national and regional television programming services shall allocate at least 15 percent, and beginning on 1 January 1999 at least 20 percent of their programming time for the presentation of individual programs produced in Hungary.

Article 8

(1) Except for specialized program providers, national and regional program providers shall present individual public service programs in at least 10 percent of their daily programming time.

(2) Individual public service programs shall be presented during prime time hours for at least 25 minutes. If a program provider does not provide programs during prime time hours, individual public service programs shall be presented for at least 25 minutes between 7:00 am and 6:30 pm.

(3) National television and national radio shall present contiguous, independent newscasts for at least 20 minutes and 15 minutes respectively during prime time. News reports adopted from other program providers in Hungary shall not exceed 20 percent of the news presented.

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(4) The national television broadcasting with terrestrial transmission shall not operate as a specialized program provider.

Title 3

Presentation of Public Functions

Article 9

(1) If a program provider has exclusive rights to present a function that is open to the public, programs and newscasts provided by other program providers may present segments of the function to satisfy their own reporting needs simultaneously or after the function. Such presentations shall not exceed the extent permitted by the copyright law relative to the free use of works protected by copyright in television or radio.

(2) The presentation of a segment of a function shall be deemed to satisfy the reporting needs of a program or newscast if the time required to present the segment does not exceed 10 percent of the duration of the presentation (individual program), and in no event shall it last longer than 50 seconds.

Title 4

Limitations and Prohibitions on Commercial Advertising

Article 10

(1) Except for deceptive advertising program providers are aware of, program providers shall not be held responsible under this law for representations made in commercial advertisements.

(2) Convictions based on one's conscience or ideology shall not be disseminated through commercial advertisements presented as part of programming services.

(3) Commercial advertisements shall not be presented immediately before and immediately after individual programs presenting the events of national holidays, or religious and church ceremonies.

(4) The images and voices of correspondents and outside contributors regularly appearing in the program provider's newscasts and timely individual political information programs shall not be presented as part of commercial or political advertisements.

(5) Concealed, or consciously not perceivable advertisements shall not be presented.

Article 11

(1) During election periods, political advertisement may be presented as part of programming services pursuant to rules provided by laws governing the election of National Assembly, local and regional government representatives and mayors, the elections of minority governing bodies, and local social insurance administration boards. At times when no elections are held, political advertisements may be presented exclusively in regard to popular referendums which have already been ordered to take place.

(2) The presentation of political advertisements as part of programming services directed abroad is hereby prohibited.

Article 12

(1) Anyone ordering the presentation of a commercial advertisement, public interest announcement, call for charitable acts or contributions or political advertisement, or anyone having an interest in presenting such advertisements, announcements or calls shall not exert influence so as to affect the responsibility or freedom of the program provider, or—except for specifying the time of presentation—so as to affect the scheduling of the advertisement, announcement or call in a given individual program presented as part of the program.

(2) Based on this law, a program provider shall not be held responsible for the contents of public interest announcements, calls for charitable acts or contributions, and political advertisements.

Article 13

(1) Commercial advertisements describing tobacco products, weapons, ammunition, prescription drugs, as well as therapeutic procedures in order to increase the popular acceptance of such procedures shall not be presented.

(2) Individual programs containing commercial advertisements of beverages with alcoholic content

a) shall not be addressed to minors and shall not show minors consuming alcohol;

b) shall not encourage excessive consumption of alcohol, and shall not present excessive alcohol consumption in a positive light, and abstention from alcohol consumption in a negative light;

c) shall not create an impression that excessive alcohol consumption can be avoided by consuming beverages with low alcohol content;

d) shall not claim any beneficial health effects resulting from the consumption of alcoholic beverages;

e) except for commercial advertisements of low alcohol content beverages, shall not be presented during prime time hours, and

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f) shall not be presented immediately preceding or immediately after individual programs targeted for viewing or listening by minors.

Article 14

(1) Commercial advertisements shall not directly call upon minors to encourage their parents or other adults for the purchase or use of toys or other merchandise and services.

(2) Commercial advertisements shall not be misleading with respect to the actual nature and potential of toys.

(3) Commercial advertisements shall not depict children in violent situations, and shall not encourage violence.

(4) Commercial advertisements addressed to children shall not be based on confidence in parents or teachers.

Article 15

(1) Commercial advertisements, public interest announcements, calls for charitable acts or contributions and political advertisements shall be presented

a) by stating the character of the presentation immediately before and immediately after the presentation, and

b) optically or acoustically separate from other individual programs, in a well recognizable manner.

(2) Presentations of public interest announcements and calls for charitable acts or contributions shall clearly identify the source of such announcements or calls. Program providers shall not seek compensation for the presentation of public interest announcements, as defined in Article 2, (16), a).

(3) The length of a public interest announcements shall not exceed two minutes. This limitation shall not be applied to public interest announcements defined in Article 137.

Article 16

(1) Classic advertisements may consume not more than 15 percent of the daily programming time. Time used for advertising may amount to 20 percent of the programming time, if such time includes direct offers.

(2) Within one hour of programming, classic advertisements shall not exceed 12 minutes regardless of the method of calculation.

(3) The combined total duration of direct offers shall not exceed one hour per day.

(4) The restriction provided in Sections (1) and (3) shall not apply to direct offers presented between midnight and 5:00 am.

(5) Nonprofit program providers may transmit three minutes of advertising per hour.

(6) The provisions of Sections (1)-(3) shall not be applied to programming services that specialize in the ordering of goods or services.

(7) The provisions of Sections (1)-(3) shall not be applied to text presented on screens, if the reception area of such texts does not exceed the reception area of local programming service provisions.

(8) Except for program providers not specializing in the presentation of films, national and regional televisions program providers shall contribute 6 percent of their commercial advertising revenues for the production of new motion pictures in Hungary. At least half the number of such motion pictures shall be feature films, documentaries, popular science movies or animated films, and 30 percent shall not be produced by program providers contributing part of their commercial advertising revenues. This obligation may be discharged by paying the required amount of money to a public or state foundation fostering the production of films, without establishing conditions, except for the right to present the productions. From the standpoint of this obligation, the paid-in amount shall be recognized with a double multiplier [as published].

Article 17

(1) Commercial advertisements may be presented between individual programs.

(2) Pursuant to conditions specified in Sections (3)-(6), commercial advertisements may also be presented during an individual program, so that the advertisements do not diminish the value of the individual program, and do not violate the rights and rightful interests of the author of the individual program.

(3) Commercial advertisements may be presented between segments of individual programs and during intermissions, if such individual programs consist of independent segments, or, in case of sportscasts and other presentations, include intermissions.

(4) An individual program shall not be interrupted or abbreviated by presenting a commercial advertisement, if it

a) pertains to news or timely political information, and does not exceed 30 minutes in duration;

b) is addressed to minors under age 14, and does not exceed 30 minutes in duration;

c) reports on events transpiring on national holidays, or

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d) pertains to religious or church affairs.

(5) At least 20 minutes shall pass between the presentation of a commercial advertisement or a series of commercial advertisements during an individual program.

(6) Depending on permission received from the copyright holder, motion pictures exceeding 45 minutes in length may be interrupted once every 45 minutes by commercial advertisements. If a feature film or television film is at least 20 minutes longer than two or multiple 45 minute periods, the presentation may be interrupted in one additional instance for commercial advertisements. At least 20 minutes of programming time shall pass between commercial advertisements interrupting the program.

Title 5

Sponsored Individual Programs

Article 18

(1) Sponsors of individual programs shall be identified immediately before or after the individual program.

(2) A sponsored individual program shall not call or exert influence for using or abstaining form the business activities of the sponsor or a third person named by the sponsor.

(3) Sponsors shall not exert influence so as to affect the responsibility or freedom of the program provider, or, except for specifying the time of presentation, so as to affect the content of the sponsored individual program, or the scheduling of the individual program within the program.

(4) Individual programs in which the sponsor's trade mark, distinguishing signature, or slogan appears, shall not be presented, except with the prior removal of the program [as published].

(5) Individual political news programs shall not be sponsored.

(6) Except for Section (5), the provisions of this article shall not be applied to programming services that specialize in ordering goods and services.

Article 19

(1) The following shall not sponsor individual programs:

a) political parties or movements;

b) enterprises which, based on the main line of their activities, produce products which cannot be advertised pursuant to this law, are engaged in wholesale trade of products, or provide services related to such products. This prohibition shall not apply to the sponsorship agreements involving the presentation of the names and trade marks of enterprises involved with pharmaceutical products or therapeutic procedures.

(2) The identification of a sponsor (name shown) shall not include the name, slogan, or emblem of a political party.

Title 6

Supplemental Programming and Incremental Value Services

Article 20

(1) No license shall be issued solely for the performance of supplemental programming services.

(2) Supplemental programming services may be performed only by persons authorized to perform programming services.

(3) Requests to authorize performance of supplemental programming services shall be included in the applications, or shall be reported separated at a later date.

Article 21

(1) Program providers shall primarily be entitled to perform incremental value services.

(2) If a program provider fails to initiate one or another possible incremental value service—except a satellite system—within 180 days from the date he was granted a program provider license, the program disseminator may assert a claim to perform such services.

(3) The claim specified in Section (2) may be asserted by way of an announcement to the National Radio and Television Board (hereinafter "Board") within 180 days from the date that the Board is open for business, and to the program provider. After the 180-day period rights to perform incremental value services may be acquired by either the program provider or the program disseminator, depending on which person or organization was first to file a claim with the Board. If neither the program provider, nor the program disseminator wish to provide incremental value services, a third party may enter into an agreement with both the program provider and the program disseminator.

(4) Incremental value service provisions shall be commenced within 60 days from date of announcing an intent to provide such services, and such services shall be provided on a continuous basis pursuant to the provisions of the announcement.

(5) The right to provide incremental value services shall cease when the right to provide programming services ceases.

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Part (B)

Basic Principles of, and Rules for Public Service Programming and Public Programming Services

Title 1

General Rules

Article 22

(1) Public service programming may be performed by program providers defined in this law.

(2) Upon request, the Board may declare a program provider to be a public program provider, if that program provider agrees to discharge the obligations applicable to public program providers.

(3) The Board shall declare a program provider to be a public service or public program provider upon acceptance of the programming service rules [prepared by the public service or public program provider]. The Board shall publish the programming service rules in MUVELODESI KOZLONY [Cultural Gazette].

(4) Public service program providers and a public program providers shall be exempt from the payment of programming service fees.

Title 2

Joint Rules Applicable to the Programs of Public Service Program Providers and Public Program Providers

Article 23

(1) Public service program providers and public program providers in particular shall be obligated to respect the dignity and fundamental interests of the nation, and the national, ethnic, linguistic and other minorities, and shall not offend the dignity of other nations.

(2) Public service program providers and public program providers shall regularly provide comprehensive, unbiased, authentic, and accurate information about domestic and foreign events of interest to the public, of events, contexts and disputed issues that have significant impact on the lives of residents in the reception area, of typical opinions expressed regarding such events, also including divergent opinion. In performing these functions, the program providers shall also publicize public interest bulletins not mentioned in Article 137.

(3) Public service program providers and public program providers shall ensure that a variety of individual programs and views is presented and that minority viewpoints are reflected, and shall satisfy the sophisticated interests of a broad stratum of viewers, or of as many groups of viewers as possible, by presenting a variety of individual programs.

(4) Public service program providers and public program providers shall pay special attention to:

a) fostering the heritage of universal and national cultural values, and to the prevalence of a variety of cultures;

b) the presentation of individual programs which serve the physical, spiritual and moral development of minors, satisfy the interests of minors, and enrich their knowledge;

c) the presentation of religious, church, national, ethic and other minority cultural values;

d) rendering accessible information that is important to groups severely disadvantaged as a result of age, physical, intellectual and spiritual conditions or social circumstances, and to

e) the presentation of individual programs reflecting social, economic and cultural life in various areas of the country.

Article 24

(1) For public service program providers and public program providers the length of commercial advertisements in any one program hour shall not exceed six minutes, regardless of the method of calculation. The length of commercial advertisements calculated in terms of average daily programming time shall not exceed five minutes per hour.

(2) Text with a commercial advertising content generated on the screen—except for text shown at times other than programming time—shall be considered as part of commercial advertising time.

(3) Public service programming services and public programming services may present commercial advertisements only between individual programs, and in case of combined programs, only between individual segments of programs. In sportscasts and in other presentations which contain natural intermissions, commercial advertisements may be presented between various parts of the individual program, and during intermissions.

(4) Public service program providers and public program providers shall not advertise alcoholic beverages. Individual programs presented by public service program providers and public program providers shall not be sponsored by persons or organizations whose primary occupation is the brewing or distilling, or sale of alcoholic beverages.

(5) The voices or images of employees and collaborators regularly featured in public service programming and

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public programming shall not be presented in the program provider's commercial or political advertisements, irrespective of the legal basis of their work relationship.

(6) Individual programs presenting violence as being an end in itself or as conduct to be emulated, or sexuality as being an end in itself are hereby prohibited.

Article 25

The following types of individual programs may be sponsored in public service and public programming services:

a) individual programs dealing with religious and church affairs;

b) individual programs presenting or conveying events in the world of art and culture;

c) individual programs in the native languages of national and ethnic minorities, and individual programs presenting the lives and culture of national and ethnic minorities;

d) individual programs produced for members of groups severely disadvantaged as a result of age, physical, intellectual or spiritual conditions, or social circumstances.

Title 3

Separate Rules Applicable to Public Service Program Providers

Article 26

(1) Public service program providers shall encourage and foster the cultures and native languages of national and ethnic minorities in Hungary, and provide regularly scheduled information in their native languages. This function shall be performed in the framework of national programming services, or, in due regard to the geographical locations of minorities, of regional or local programming services by presenting individual programs responsive to the needs of minorities, and on television by providing captions or multilingual transmissions. The length of nationalities programs, per nationality, shall not be shorter than the combined length of similar programs existing on the effective date of this law on the national and regional scales.

(2) The national boards of national and ethnic minorities, or, in the absence of such boards, the national organizations of national and ethnic minorities shall make independent decisions concerning the principles of utilizing programming time available from public service program providers. These decisions—not affecting the contents of individual programs or program composition—shall be considered by public service program providers.

Article 27

(1) Public service program providers shall provide archives for the safeguarding of cultural values and documents of historical significance that came into their possession in the course of their activities, and shall collect, store, and care for these cultural values and documents in a professional manner.

(2) Rules and conditions for placing these objects into the archives, and the manner in which these objects may be used shall be established in separate rules by the board of trustees, in agreement with the Board.

Article 28

(1) Beginning on 1 January 1997, public service television shall construct its annual programming time—not including commercial advertisements, newscasts, sportscasts, contests and game shows—so that

a) at least 51 percent of the individual programs are produced in Hungary, and including these individual programs, 70 percent of the individual programs are produced in Europe;

b) in average calendar months, at least 30 percent of the total programming time—not including commercial advertisements, newscasts, sportscasts, contests and game shows—is used for the presentation of individual programs produced in Hungary, and including these individual programs, at least 51 percent of the total programming time is used for the presentation of individual programs produced in Europe;

c) at least 15 percent, and beginning on 1 January 1999, at least 20 percent of the annual programming time allocated for the presentation of motion pictures consists of works produced by Hungarian citizens or nationals, or of works produced with the participation of artists holding Hungarian citizenship or who are of the Hungarian nationality, or works produced in Hungary, and at least 20 percent of these motion pictures is new, and 30 percent is not be produced in-house at the Hungarian Television or at Duna Television, and that the same ratios also appropriately apply to programs for children and youth;

d) at least 10 percent, and beginning on 1 January 1999, at least 15 percent of the annual programming time not including commercial advertisements and sportscasts is used to present individual programs produced in Hungary, but not by the public service program provider.

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(2) The ratios specified in Section (1) shall also prevail in prime time hours.

(3) At least 30 percent of the musical programming time of the public service radio shall consist of works composed by Hungarian citizens or Hungarian nationals, or works which were played with the involvement of Hungarian citizen or Hungarian national artists, or which were manufactured in Hungary.

(4) Public service program providers shall discharge each obligation enumerated in this title one by one, with respect to all programming services provided.

Title 4

Public Service Programming Rules and Regulations and Programming Service Rules and Regulations

Article 29

(1) Public service program providers shall prepare and follow public service programming rules and regulations, and public program providers shall prepare and follow programming service rules and regulations.

(2) The following shall be provided for in public service programming rules and regulations and in programming rules and regulations:

a) guarantees of independence from political parties and movements;

b) principles that apply to comprehensive, objective and balanced news reporting and the presentation of timely political programs, to the reporting of disputed issues, and to the presentation of a great variety of views and opinions;

c) professional requirements related to fostering native language culture;

d) the order of presenting the lives and culture of national and ethnic minorities in Hungary, also in due regard to the provisions of Article 26 Section (2);

e) the system for the objective presentation of variety in culture, science, ideology and religion;

f) the method by which individual programs with distinguishing marks are presented;

g) provisions related to minors;

h) commercial advertising activity, the sponsoring of individual programs;

i) the presentation of public interest bulletins;

j) the extent of the independence of producers employed by public service program providers and public program providers, and the guarantees of such independence; guarantees for their participation in defining the principles of writing and preparing programs, while respecting the right of citizens to the freedom of being informed;

k) incompatibility and conduct rules applicable to employees and collaborators, with special attention to persons assigned to political and news programs;

l) professional rules for the program preparation activity,

m) the general tasks related to programming services directed abroad, as well as to those mentioned in Article 134, (3), guidelines for performing these tasks, and for providing programming to the planned reception areas.

(3) The public service programming rules and regulations and programming rules and regulations shall include provisions to the effect that orders placed by public service program providers and public program providers, as well as assignments by outside collaborators, not create for public service program provider and public program provider employees possible advantages to which they are not entitled.

(4) Draft rules and regulations for public service programming shall be submitted for the approval of the board of trustees of the public foundation within nine months from the effective date of this law. The board of trustees shall approve the rules and regulations in agreement with the Board.

Article 30

(1) Public service programming shall be provided for the overwhelming majority of the country's populace by the Hungarian Radio and the Hungarian Television, while Duna Television shall provide public service programming primarily for Hungarians residing beyond the borders of the Hungarian Republic.

(2) Services provided to an overwhelming majority of the populace shall be understood to mean at least one radio programming service transmitting in the 87.5-108.0 megahertz frequency range to be received by 80 percent of the populace, and at least one television programming service disseminated by terrestrial transmission with a reception area including 90 percent of the populace.

CHAPTER III

National Radio and Television Board

Title 1

Legal Status and Organization of the National Radio and Television Board

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Article 31

(1) The National Radio and Television Board shall protect and enhance freedom of speech by encouraging program providers to enter the market, by dismantling monopolies and preventing the evolution of new monopolies, and by protecting the independence of program providers; the Board shall observe the way the constitutional principles of the freedom of the press prevail, and report to the National Assembly in this regard.

(2) The Board and its members shall be subject only to laws, and shall not be directed insofar as their activities are concerned.

Article 32

(1) The Board shall be an independent legal entity under the supervision of the National Assembly; it shall manage its affairs by appropriately applying legal provisions applicable to management of organizations funded by the state budget. The Board's budget—presented by the National Assembly committee having jurisdiction over budgetary affairs based on the Board's recommendation—shall be approved by the National Assembly in the framework of a separate law, charging the budgeted amount against resources specified in Article 77, (3), within the framework specified in Article 84, (2)-(3). Audit and control functions shall be performed by the State Auditor General's Office [ASZ].

(2) The Board shall operate on the basis of a previously approved budget until a new budget is approved.

(3) The Board shall be headquartered in Budapest.

(4) The Office of the Board shall be the official organ of the Board.

(5) After a Board member's mandate expires, his term of office shall always be treated as time spent in a work relationship, a public service or public employee legal relationship, a service legal relationship, or, at courts and prosecutors' offices, as service relationship.

(6) Upon establishment of the Board, the employers of members of the Board shall grant unpaid leave of absence to the Board members pursuant to the Board members' requests. From the standpoint of pension vesting, the period of unpaid leave of absence shall count as a period of service.

(7) If prior to the election of a member of the Board, the member has already terminated his work relationship, public service or public employee legal relationship, service legal relationship, or at courts and prosecutors' offices, an existing service relationship on grounds of incompatibility specified in this law, the member shall be reinstated in his original position or service relationship when his mandate ceases in response to a written request submitted by the member within 30 days from the date when his mandate ceases.

(8) From the standpoint of social security, the status of Board members shall be governed by rules pertaining to persons having work relationships, and the Board members' pay shall be regarded as income that serves as a basis for payment of social security and pension benefits. The Office of the National Radio and Television Board shall make arrangements for the payment of contributions, accounting, recordkeeping and data provision in the form of an agreement with the National Health Insurance Fund and the National Pension Insurance Chief Directorate.

(9) The employees of the Office shall be public employees subject to Law No. 23 of 1992 on the legal status of public employees (hereinafter: "Ktv.") with deviations specified in this law. The chairman of the Board shall appoint the head of the Office and shall exercise the authority of the employer. The legal authority of the head of the Office shall be the same as the authority of deputy state secretaries.

(10) The Office may also engage the services of outside experts.

Title 2

Electing the Board

Article 33

(1) The Board shall be elected by a simple majority vote of the National Assembly, for a four-year term. The chairman and members (hereinafter jointly: Board members) shall not be subject to recall.

(2) The Board shall be composed of a minimum of five members.

(3) The chairman of the Board shall be nominated jointly by the president of the Republic and the prime minister.

(4) The rest of the members shall be nominated by the various groups of National Assembly representatives. Every group of representatives may nominate one member. If the majority or the opposition consists of only one group of representatives, that group may nominate two members.

(5) Recommendations regarding persons to be nominated shall be made within eight days after the beginning of proceedings to elect the Board. The nominees shall be heard by the National Assembly committee having jurisdiction over cultural and press affairs, but the committee shall cast no votes. Nominees renominated after an unsuccessful election need not be heard again.

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(6) Elections shall be held within 15 days after nominations. A new nominee shall be offered to take the place of a nominee who has not been elected. A person who has received less than 10 percent of the vote of all National Assembly representatives in the course of an election shall not be nominated again.

(7) The Board shall be established upon the election of all its members. The establishment of the Board shall not be impeded if one or another group of representatives fails to nominate a person for membership within the deadline specified in Section (5); if a group of representatives exercises the right to nominate a person for membership after the establishment of the Board, the National Assembly shall elect a new member of the Board for the remainder of the Board's term, until the mandate of the Board expires.

(8) If a new group of representatives is formed after the election of the Board, the National Assembly shall elect a new member to the Board for the remainder of the Board's term.

Title 3

Incompatibility

Article 34

(1) Hungarian citizens with no criminal record who hold a degree from an institution of higher education and who have at least five years of professional experience may be elected to become members of the Board. Professional experience includes especially experience in the fields of public information provision, program preparation and development, programming services, telecommunications, and the management of the frequency spectrum, and further: technical, legal, administrative, economic, cultural, scientific and public opinion research activities related to the above fields.

(2) The following shall not serve as members of the Board:

a) the president of the Republic, the prime minister, members of the Government, state secretaries, lord mayors, mayors, the chairmen and deputy chairmen of county general assemblies, National Assembly representatives and their paid employees, public officials, and officers of national or regional political party organizations;

b) the heads, members of the management team and managing directors of program providers, program disseminators, newspaper publishers or newspaper distributors, or any person who has a legally established work relationship with any of the above;

c) program providers, program disseminators, newspaper publishers and newspaper distributors, or any person who has a direct or indirect ownership share in such business;

d) members of the advisory boards of the Hungarian Radio Public Foundation, the Hungarian Television Public Foundation and the Hungaria Television Public Foundation, or the employees of the public foundations.

(3) Close relatives—as defined in Paragraph 685, b) of the Civil Code of Laws—of the persons enumerated in Section (2), a)-c), shall not serve as members of the Board.

(4) Prior to their election, nominees shall provide written statements affirming the absence of incompatibility, or their intention to terminate grounds for incompatibility without delay, if elected.

Article 35

(1) Members of the Board shall not

a) have legal relationships for the performance of work with a program provider, a program disseminator, the publisher of a weekly or daily newspaper, or a newspaper distributor, and shall not

b) be the owner (member, stockholder, board or supervisory committee member, managing director or auditor) of an organization enumerated in Section (1), including a member of the foundation's managing organization.

(2) A close relative of the member of the Board, as the term "close relative" is defined in Paragraph 685, b), of the Civil Code of Laws, shall not be the owner (member, stockholder), advisory committee, board, or supervisory committee member, managing director or auditor of an organization enumerated in Section (1), a).

(3) The incompatibility criteria enumerated in Sections (1) and (2) shall also be applied for a six-month period immediately after the mandate for Board membership ceases.

(4) A member of the Board or his close relative—as that term is defined in Paragraph 685, b) of the Civil Code of Laws—shall not enter into a legal relationship for the performance of work with a program provider whose license to provide programming services was granted during his tenure as a member of the Board. From the standpoint of the Board member, this restriction shall apply as long as the program provider holds the license, and from the standpoint of close relatives, for the first half of the period in which the program provider's license is valid. From the standpoint of becoming registered as a program disseminator, the corresponding

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deadlines are four years for Board members and two years for close relatives beginning on the date when the Board member's mandate ceases.

(5) Members of the Board shall not perform partisan political activities, and shall not make partisan political statements.

(6) Except for scientific, educational, literary, artistic, and other work subject to copyright protection, members of the Board shall not be engaged in any income-producing occupation, and shall not accept compensation from program providers for scientific, educational, literary, artistic and other work subject to copyright protection.

Title 4

Obligations of Members of the Board

Article 36

(1) Board members shall not divulge state, official and business secrets learned in the course of performing their functions.

(2) When taking office, Board members shall take the oath of office in the hands of the president of the National Assembly, using the text appearing in the *Appendix* to this law.

(3) Members of the Board shall declare their assets when taking office, as well as when their mandate expires. Declarations of assets shall be safeguarded by the president of the National Assembly.

Title 5

Termination of Board Members' Mandates

Article 37

(1) The mandate of Board members shall terminate

a) when the mandate expires;

b) by resignation;

c) as a result of incompatibility;

d) by discharge;

e) by exclusion;

f) by losing the mandate;

g) upon the death of the member;

h) when the group of representatives nominating the member ceases to function, or

i) when the mandate of the Board ceases—Article 45, (1), c).

(2) The termination of a Board member's mandate shall be determined and declared by the chairman of the Board in cases specified in Section (1), b), and f)-i); and by a plenary session of the Board in cases specified in Section (1), c), d), and e). Except as provided for in Section (3), the president of the Republic and the prime minister shall jointly determine the termination of the Board chairman's mandate.

(3) If grounds for incompatibility arise regarding a member or the chairman of the Board, and if the grounds for incompatibility are not removed within 10 days from the inception of incompatibility or from the date of the session which found incompatibility, the Board shall resolve in plenary session that the membership of the member or the chairman has ceased. Upon passage of the resolution, the member or chairman of the Board whose membership has ceased shall not exercise the authority flowing from his office.

(4) A mandate ceases by discharge if a member of the Board is incapable of continuously performing the tasks flowing from the mandate for more than three months, by no fault of his own.

(5) A mandate ceases by exclusion if a member of the Board

a) fails to perform the functions flowing from his mandate for more than three months by his own fault, or

b) a court has pronounced an affirmed judgment establishing the member's guilt, and sentencing the member to a prison term.

(6) The investigating authority shall notify the Board of any criminal proceeding initiated against any member or the chairman of the Board. The Board may suspend the member's or the chairman's right to exercise authority stemming from the office held, based on a simple majority vote with respect to members, and a two-thirds majority vote with respect to the chairman, cast in the Board's plenary session, until the criminal act is adjudicated with a final effect.

(7) If a group of representatives loses the right to nominate two Board members, that group may declare within 15 days which mandate it wishes to maintain from among the two mandates held by members elected at the same time. If the group of representatives fails to make a declaration, the mandate of the member elected at the same time loses force at once, and the group of representatives may once again take advantage of the right to nominate a Board member. If the two members were elected at different times, the mandate of the member elected later shall cease.

(8) When the Board is convened in session and decides over incompatibility, discharge or exclusion, the person

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affected by such decisions shall not vote, and the vote of those authorized to cast votes regarding such matters shall be unanimous. If, after repeated balloting on such issues the votes fall short of unanimity, the chairman of the Board shall recommend to the National Assembly that it render a decision. In such cases the National Assembly shall decide over incompatibility, discharge or exclusion with the affirmative vote of a two-thirds majority of the representatives present.

(9) If the chairman of the Board is the subject of incompatibility, discharge or exclusion considerations, the member selected pursuant to the rules of order shall exercise the chairman's authority with respect to proceedings described in Sections (3), (6), and (8).

Article 38

(1) The nominating process shall be started within eight days after the mandate of a Board member ceases. The group of representatives having recommended a person to fill the vacated seat shall recommend the name of a person to become the new member of the Board.

(2) The new member's mandate shall expire when the mandate of the person who occupied the vacated seat would have expired.

Title 6

Compensation of Board Members

Article 39

(1) The chairman of the Board shall receive compensation equal to that of ministers; members of the Board shall receive compensation equal to that of administrative state secretaries; the chairman as well as members of the Board shall also receive emoluments received by ministers and administrative state secretaries respectively. The chairman and members of the Board shall receive 40 workdays of leave per calendar year.

(2) Unless reelected, the chairman and members of the Board shall receive provisions for six months equalling their monthly compensation, after the expiration of their respective mandates.

(3) A member of the Board shall receive severance pay if relieved of his duties for health reasons; the amount of such pay shall be equal to the amount of six months' pay, or, if the mandate lasted for less than six months, the maximum amount of severance pay shall not exceed the value of provisions received during the actual period of service.

(4) A member or the chairman of the Board shall not receive any severance pay if relieved of his duties on grounds of incompatibility, or if excluded.

Title 7

Operation of the Board

Article 40

(1) The Board shall establish its own rules of order and shall publish the same in MAGYAR KOZLONY.

(2) The rules of order shall deal with issues related to the activities of the members and the chairman, not described in this law.

(3) If the chairman of the Board is impeded in taking part at a session of the Board, the functions of the chairman shall be performed by members of the Board in sequence, as provided for in the rules of order. The member performing the chairman's functions may participate in the balloting.

Title 8

Functions of the Board

Article 41

(1) The Board shall

a) administer the application process and judge the applications for licenses to provide programming services, and for the use of satellite channels at the disposal of the Government reserved for programming services;

b) perform the legally required supervisory and control functions;

c) operate a complaint committee to examine reported cases;

d) operate a program monitoring and analysis service; all materials resulting from investigations and evaluations performed by this service shall be forwarded continually, free of charge to the Hungarian Radio Public Foundation, the Hungarian Television Public Foundation, and the Hungaria Television Public Foundation, as well as to public service program providers, as those apply to each service, respectively. The public foundations may recommend criteria for examinations;

e) comment on draft legal provisions related to the management of the frequency spectrum and telecommunications;

f) nominate members to the National News Communications and Information Management Council; the exact number of members to be nominated shall be specified in separate law;

g) perform tasks related to programming service contracts;

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h) maintain a public record of program providers and program disseminators registered on the basis of programming service contracts;

i) regularly verify compliance with the provisions of programming service contracts entered into by the Board;

j) formulate positions and recommendations regarding theoretical issues pertaining to the development of the Hungarian programming services system, including multichannel cable systems as well as interface with the audio-visual branch, and participate in preparations for decisionmaking related to these matters;

k) initiate proceedings related to consumer protection and to the prohibition of unfair practices;

l) provide information needed for planning the central budget and for verifying compliance with the central budget;

m) determine and make public the fee structure (structures) for programming services based on program distribution and satellites;

n) perform other tasks specified in this law, and in legal provisions based on the authority of this law.

(2) The Board shall perform the function specified in Section (1), i), by examining programs received or recorded, or programs recorded by the program provider, and further, upon request of the authorities.

Article 42

(1) When the Board formulates its frequency spectrum management concept affecting programming services, it shall also consider the needs of nonprofit programming services.

(2) The Board shall publish in MUVELODESI KOZLONY its concept regarding the management of available frequencies and its impact on programming services.

Title 9

The Board's Report

Article 43

(1) The Board shall submit an annual report to the National Assembly by 1 March of each year, covering the Board's activities during the previous year. The report shall contain assessments especially of the following:

a) balanced conditions regarding freedom of opinion and information;

b) the manner in which the ownership situation of program providers, and daily newspapers, weekly newspapers, newspaper distributors and program distributors related to program providers pursuant to the Chapter VIII of this law, evolves;

c) conditions for frequency spectrum management insofar as satisfying the needs of program providers is concerned;

d) the financial situation of program providers, the manner in which the financial situation of program providers develops. If necessary, the Board may initiate amendments to this law.

(2) The report shall be published in MUVELODESI KOZLONY.

Title 10

Decisionmaking Rules

Article 44

(1) The chairman shall not cast votes in cases specified in Articles 45 and 46.

(2) The extent to which the chairman's right to vote prevails shall equal the value of the following fractions:

a) if the number of persons nominated by representative groups from the ruling party and the opposition is the same, the fraction's numerator shall be one, and its denominator shall be the number of members plus one;

b) if the number of persons nominated by representative groups from the ruling party and the opposition is not the same, the fraction's numerator shall be one, and its denominator twice the number of the larger of the number of Board members nominated by the ruling party or opposition groups of representatives, plus one.

(3) The extent to which the members' right to vote prevails shall be calculated as follows:

a) if the chairman is permitted to vote, the extent to which the chairman's vote prevails shall be deducted from the total number of votes, 50 percent of the number of votes thus derived shall be distributed in equal ratios between Board members nominated by ruling party groups of representatives, while the other 50 percent shall be distributed in equal ratios among Board members nominated by opposition party groups of representatives;

b) if the chairman is not permitted to vote, 50 percent of the votes shall be distributed in equal ratios among Board members nominated by ruling party representative groups, while the other 50 percent of the votes shall be distributed in equal ratios among Board members nominated by opposition party representative groups.

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(4) Except as provided for in Articles 45 and 46, the Board shall render decisions by the vote of a simple majority, pursuant to calculations specified in Sections (2) and (3).

Article 45

(1) The method of judging applications for national radio and television programming service licenses shall be as follows:

a) the chairman of the Board shall not vote in the first round of balloting. Decisions shall be based on a two-thirds majority vote of those entitled to vote;

b) if the first round of balloting yields no decision, the Board shall vote in a second round of balloting no sooner than three days, and no later than eight days after the first round of balloting. The chairman shall be entitled to vote in the second round of balloting. The vote of a two-thirds majority of those entitled to vote shall yield a valid decision;

c) if the second round of balloting described in Subsection b) also produces no result, the Board's mandate shall cease, except for the chairman's mandate. The National Assembly shall elect new Board members within 30 days after the mandate of the Board ceases; this election shall take place pursuant to the order of nominations and elections described in Article 33, the only difference being that members of the previous Board shall not be nominated.

(2) A Board elected pursuant to Section (1), (c), shall render decisions regarding applications submitted, without issuing a new call for applications, as follows:

a) the chairman shall also be entitled to vote in the first round of balloting. The vote of a two-thirds majority of those entitled to vote shall yield a valid decision;

b) if the first round of balloting yields no decision, the Board shall vote in a second round of balloting no sooner than three days, and no later than eight days after the first round of balloting. The chairman shall also be entitled to vote in the second round of balloting. The vote of a simple majority of those entitled to vote shall yield a valid decision. A new call for applications shall be issued within 60 days, if no decision is reached in the second round of balloting.

Article 46

(1) Determining the general conditions for application, as well as the call for applications for national and regional programming services and the judging of applications for regional radio and television programming service licenses shall take place as follows:

a) the chairman of the Board shall not be entitled to vote in the first round of balloting. Decisions shall be based on the vote of a two-thirds majority of those entitled to vote;

b) if the first round of balloting yields no decision, the Board shall vote in a second round of balloting no sooner than three days, and no later than eight days after the first round of balloting. The chairman shall also be entitled to vote in the second round of balloting. The vote of a two-thirds majority of those entitled to vote shall yield a valid decision;

c) if no decision is reached in the second round of balloting regarding the general conditions for application or the call for applications, the Board shall cast votes in a new round of balloting to take place no sooner than 30 days, and no later than 60 days after the second round of balloting. The chairman shall also be entitled to vote in the second round of balloting. The vote of a simple majority of those entitled to vote shall yield a valid a decision;

d) a new call for applications shall be issued within 60 days, if no decision is reached in the second round of balloting judging applications for regional radio and regional television programming service licenses.

(2) Applications for programming service licenses for local radio and television shall be judged as follows:

a) the chairman of the Board shall be entitled to vote in the first round of balloting. The vote of a two-thirds majority of those entitled to vote shall yield a valid decision;

b) if the first round of balloting yields no decision, the Board shall vote in a second round of balloting no sooner than three days, and no later than eight days after the first round of balloting. The chairman shall also be entitled to vote in the second round of balloting. The vote of a simple majority of those entitled to vote shall yield a valid decision.

(3) A new call for applications shall be issued within 60 days if no decision is reached in the course of judging the applications.

Title 11

Complaint Committee

Article 47

(1) Complaints regarding violations of requirements for balanced information (Article 4) shall be judged by the Board's Complaint Committee (hereinafter: "Complaint Committee"). The Board shall appoint the members of the Complaint Committee for five-year terms.

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(2) Members of the Complaint Committee shall be independent, they shall be subject only to law, and shall not be directed regarding their activity.

(3) Members of the Board, and trustees of the Hungarian Radio Public Foundation, the Hungarian Television Public Foundation, and the Hungaria Television Public Foundation, and persons who would not qualify as members of the Board shall not be members of the Complaint Committee. The Board's rules of order shall include detailed rules regarding the mandates of members of the Complaint Committee.

(4) Members of the Complaint Committee shall report grounds for incompatibility to the chairman of the Board without delay. Criminal proceedings against any member of the Complaint Committee shall be reported to the Board by the investigating authority. Based on such report, the Board may suspend the authority of the Complaint Committee member.

(5) In case of incompatibility, or if a court finds a member of the Complaint Committee guilty of intentionally committing a crime, and pronounces a final judgment sentencing the Complaint Committee member to serve a prison term, the Board shall terminate the mandate of the Complaint Committee member.

Article 48

(1) A three-member council shall proceed in certain cases. One member of the proceeding council shall have a law degree.

(2) The Board shall establish the Complaint Committee's rules of order, and the order of proceedings for councils proceeding in certain cases, including rules for excluding a proceeding member of the Complaint Committee on grounds of bias. In doing so, the equal status of the parties involved shall be observed, and attention shall be paid to enforcing the principles of openness and impartiality.

(3) The Complaint Committee's rules of order shall also contain procedures for settling complaints not within the scope of Article 4. In such cases the Complaint Committee shall examine the complaints, and shall inform the complainant of its position, the program provider involved, and if deemed necessary by the Complaint Committee, the public.

(4) Official functions related to the operations of the Complaint Committee shall be performed by the Office of the Board.

(5) The Board shall debate and evaluate the positions taken by the Complaint Committee at least semiannually.

Article 49

(1) If a program provider presents one-sided information regarding social issues of concern to the populace in the receiving area, and in particular, if a disputed issue permits the presentation or expression of a single or one-sided position, or if the presentation or expression gravely violates the requirement for balanced information otherwise, the person representing the unexpressed position, or the person injured by the unbalanced information (hereinafter: the protestor) may register his protest with the program provider.

(2) The protestor may request the program provider in writing to permit him to present his view under circumstances similar to those under which the objectionable position was reported. Protestors shall file such written protests within 48 hours after the presentation of the objectionable statement, or, in case of repeated presentations of the same statement, within 48 hours after the last repetition of the statement, or, if the protestor lives (stays, operates) outside the borders of the Hungarian Republic, within eight days from the presentation of the objectionable statement. The protestor shall have no right to register a protest if another representative of the unreported position has already received an opportunity to report his position, or if the protestor was given an opportunity to present his case, but did not take advantage of the opportunity.

(3) The program provider shall render a decision as to whether it accepts or rejects a protest within 48 hours after receipt of the protest. The protestor shall be informed of the decision without delay. The protestor may file a written complaint with the Complaint Committee within 48 hours after receiving a communication regarding the program provider's decision, or if no decision is rendered, within six days—12 days in case of foreigners—after presentation of the objectionable or injurious information, by accurately identifying the objectionable program as well as the program provider. A complaint may also be filed with the Complaint Committee if the program provider fails to comply with the objection, despite the program provider's statement agreeing with the objection. In such cases complaints shall be filed with the Complaint Committee within 48 hours after the expiration of the deadline before which the agreed-to objection should have been remedied.

(4) The Complaint Committee shall adopt a position regarding the issues presented by the protestor within 15 days after receipt of the complaint.

(5) In response to a call by the Complaint Committee, the program provider shall make available to the Complaint Committee a recording of the disputed individual

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program and shall provide to the Complaint Committee information related to the case.

(6) The Complaint Committee may hold a hearing to elicit statements from both the protestor and the program provider. Failure to appear at the hearing shall not prevent the Complaint Committee from taking a position.

Article 50

(1) The Complaint Committee shall reject unfounded complaints, or complaints not submitted in a manner consistent with conditions specified by law.

(2) If the Complaint Committee finds that the program provider has violated the requirement for balanced information, the program provider shall either present the position taken by the Complaint Committee at a time and in a manner specified by the Complaint Committee consistent with the contents of the Complaint Committee's position and without commentary, or it shall provide an opportunity to the protestor to present his view.

(3) In case of grave or repeated violations of the requirement to present balanced information, the Complaint Committee may initiate action by the Board for the imposition of fines.

Article 51

(1) Legal recourse against the position taken by the Complaint Committee may be obtained by filing a petition with the Board within 48 hours after receipt of the Complaint Committee's position. A petition submitted by the program provider shall have a delaying effect.

(2) The Board shall render a decision in response to a request for legal recourse within eight days. The Complaint Committee's decision shall be immediately implemented if the Board issues a condemning decision, or if the Board rejects the program provider's request.

(3) Courts may be asked to review the decisions of the Board. The courts shall proceed pursuant to rules provided in Chapter 20 of Law No. 3 of 1952, as amended several times, concerning civil procedure. The courts may change the decisions of the Board.

(4) Beyond presenting well-founded objections as part of the program provider's program, an affirmed decision condemning the program provider shall also be published in MUVELODESI KOZLONY.

Title 12

The Relationship Between the Board and the Information Superintendency

Article 52

(1) To help prepare specifications for programming services, the Board shall request the Communications Chief Superintendency—by way of the Minister of Transportation, Communications and Waterways—to prepare a list of programming opportunities and related plans for frequency allocation.

(2) If the Communications Chief Superintendency is unable to fulfill the Board's request by the stated deadline, the Minister of Transportation, Communications and Waterways may authorize the extension of the deadline.

(3) In the request described in Section (1) the Board shall state:

a) matters of principle that need to be considered when planning broadcast frequency allocations, especially in regard to the purpose of using a given frequency;

b) preferences to be considered in planning broadcast frequencies;

c) the scheduling of, and guidelines for the planning of broadcast frequencies.

(4) The frequency allocation plan developed by the Communications Chief Superintendency shall contain the following:

a) in case of terrestrial broadcast transmission, the nominal locations of transmitters, as well as other technical conditions related to installation;

b) the anticipated reception area of the transmitters;

c) the frequency band according to the markings of the International Radio Rules and Regulations.

(5) The Board may return the frequency allocation plan for modification.

(6) Prior to approving the frequency allocation plan, the Board shall make the plan available for public inspection for at least 15 days. At least two weeks before the starting date of public inspection, the Board shall publish an announcement in at least two national newspapers concerning the place and starting date of the inspection, also indicating the place and date of a public hearing to take place no sooner than 10 days after the conclusion of public inspection. The provisions of Article 94 shall be applied for the public hearing.

(7) The frequency allocation plans and the principles of planning shall be matters of public record; anyone may inspect those at the Communications Chief Superintendency.

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CHAPTER IV

Public Service Program Providers

Title 1

Public Foundations

Article 53

(1) To ensure public service programming services and to protect their independence, the National Assembly—pursuant to Articles 140-141—establishes the Hungarian Radio Public Foundation, the Hungarian Television Public Foundation, and, at the initiative of its founder, transforms the Hungaria Television Public Foundation (hereinafter jointly: "public foundations").

(2) This law has no effect on the name, purpose and assets of the Hungaria Television Public Foundation.

(3) The articles of association of the public foundations (the amendment to the articles of association of the Hungaria Television Public Foundation) shall be agreed on by a two-thirds vote of National Assembly representatives present. Organizational and operational issues pertaining to the public foundation but not regulated by this law shall be dealt with in the articles of association.

(4) Unless otherwise provided for by this law, the general rules applicable to public foundations shall apply.

Article 54

(1) The National Assembly shall define the initial assets of the public foundations in the articles of association.

(2) As a supplemental transfer of assets, in the form of targeted assets, the founder shall transfer:

a) the movable and real property, as well as rights of pecuniary value owned by the Hungarian Radio funded by the state budget to the ownership of the Hungarian Radio Public Foundation;

b) the movable and real property, as well as rights of pecuniary value owned by the Hungarian Television funded by the state budget to the ownership of the Hungarian Television Public Foundation;

c) the state owned, jointly used movable and real property of the Hungarian Radio and Hungarian Television, both funded by the state budget, to the Hungarian Radio Public Foundation and the Hungarian Television Public Foundation after determining the respective ownership rights, or as provided for in the articles of association of the two corporations.

Boards of Trustees

Article 55

(1) Boards of trustees shall be the managing organs of the public foundations.

(2) The boards of trustees shall be composed of persons elected by the National Assembly and of persons delegated by organizations specified in this law.

(3) The members elected by the National Assembly shall constitute the presidiums of the boards of trustees.

(4) The National Assembly shall elect separately to each of the three boards of trustees at least eight members individually, with the vote of a simple majority of the representatives.

(5) Half the number of the board of trustees to be elected shall be nominated by the ruling parties, the other half by opposition groups of representatives, so that at least one nominee of each group of representatives is elected.

(6) Recommendations regarding nominees shall be made within eight days following the initiation of election proceedings. The elections shall be held within 15 days after completing nominations.

(7) If a group of representatives fails to participate in the nominating process, each of the (remaining) representative group(s) of the given side may nominate four persons. New nominees shall take the places of nominees who have not been elected, and new elections shall be held within 15 days. A person who has received less than 10 percent of the vote of all representatives in the course of the previous election, shall not be nominated again.

(8) The presidium of a board of trustees shall be deemed to be established upon the elections of all its members. The failure of the ruling party or the opposition side to nominate a candidate shall not prevent the presidium of a board of trustees to become established.

(9) The presidiums of boards of trustees shall be elected for four year terms.

A change occurring in the ruling party-opposition ratio during the term of the presidium shall not affect the mandates of the presidium members, but if it becomes necessary in order to maintain an equal ratio, a new member or members shall be elected for the remainder of the presidium's term. If the representative groups of a given side are unable to reach an agreement regarding joint nominee(s), the nomination shall be decided on the basis of drawing.

(10) The chairmen and vice chairmen of boards of trustees, also serving as chairmen and vice chairmen

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of the respective presidiums, shall be elected by the National Assembly from among the members of the respective presidiums, based on nominations by groups of representatives. Chairmen shall be nominated by groups of representatives belonging to the ruling parties, vice chairmen shall be nominated by groups of representatives belonging to the opposition parties.

(11) The nominations shall be decided on the basis of drawings if the representative groups are unable to reach agreements regarding the nominations of chairmen and vice chairmen.

Article 56

(1) The following organizations shall delegate 21 members to the board of trustees of the Hungarian Radio Public Foundation, and 21 members to the board of trustees of the Hungarian Television Public Foundation:

a) the national governing bodies of national and ethnic minorities residing in Hungary; lacking such governing bodies, the national federations of the same—one person;

b) the Hungarian Catholic Church, the Reformed Church of Hungary, the Evangelical Lutheran Church of Hungary, and the Association of Jewish Religious Communities—one person;

c) churches not mentioned in Subsection (b)—one person;

d) national organizations concerned with human rights—one person;

e) national professional organizations operating in the fields of literature, theatrical arts, motion picture arts, the performing arts, music, dance, fine arts and industrial arts, and in other fields of culture—four persons;

f) national professional organizations operating in the fields of education and science—two persons;

g) national associations of trade unions—one person;

h) national professional organizations and interest groups of employers and entrepreneurs—one person;

i) national professional organizations and interest groups of journalists—one person;

j) national organizations concerned with environmental protection, nature conservation and animal rights—one person;

k) national interest groups of women—one person;

l) national interest groups of children and young people—one person;

m) national interest groups of retired people—one person;

n) national interest groups of persons severely disadvantaged due to their physical conditions—one person;

o) national interest groups representing sports—one person;

p) national interest groups of local governments—one person;

r) Hungarian organizations beyond the borders—one person.

(2) The following organizations shall delegate 23 members to the board of trustees of the Hungaria Television Public Foundation:

a) the national governing bodies of national and ethnic minorities residing in Hungary; lacking such governing bodies, the national federations of the same—one person;

b) the Hungarian Catholic Church, the Reformed Church of Hungary, the Evangelical Lutheran Church of Hungary, and the Association of Jewish Religious Communities—one person;

c) churches not mentioned in Subsection b)—one person;

d) national organizations concerned with human rights—one person;

e) national professional organizations operating in the fields of literature, theatrical arts, motion picture arts, the performing arts, music, dance, fine arts and industrial arts, and in other fields of culture—three persons;

f) national professional organizations operating in the fields of education and science—two persons;

g) national professional organizations and interest groups of journalists—one person;

h) national organizations concerned with environmental protection, nature conservation and animal rights—one person;

i) national interest groups of women—one person;

j) national interest groups of children and young people—one person;

k) national interest groups of persons severely disadvantaged due to their physical conditions—one person;

l) national interest groups representing sports—one person;

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m) representatives of Hungarian organizations operating in neighboring countries—seven persons, the body authorized to represent Hungarians in dispersion in the World Federation of Hungarians—one person.

(3) The organizations mentioned in Section (1), r) and Section (2), m) shall be notified by the Board, at the recommendation of the Office of Hungarians Beyond the Borders.

Article 57

(1) Except for the organizations mentioned in Article 56, (3), the organizations entitled to delegate members shall be those registered by the Board.

(2) An announcement calling for registration shall be published by the Board in MAGYAR KOZLONY each year prior to 31 January. Registration shall end on 15 March of each year.

(3) From among the applicant organizations the Board shall register those which have been registered by the court (authority) for at least two years pursuant to applicable rules prior to the announcement calling for registration. Applicants shall declare which group under Article 56 they belong to.

(4) The terms of delegated members of the boards of trustees shall be one year.

(5) Organizations registered by the Board, and belonging to the same group under Article 56 shall be entitled to annually delegate representatives to the board of trustees. If no full agreement can be reached by the participants concerning delegation, the person to be delegated shall be chosen on the basis of drawing. The Board shall administer the drawing for the three boards of trustees on a single occasion, prior to 1 April each year, with the involvement of a notary public. Organizations whose representatives are present at the drawing may participate in the drawing. An agreement or drawing resulting in delegations shall be valid for one year.

(6) Based on drawings, one organization may delegate a representative to only one board of trustees. If an organization is thus entitled to make several delegations, the organization shall designate the board of trustees to which it wishes to delegate a given representative. The drawing shall be repeated for delegations to the other (rest of the) board(s) of trustees.

(7) If an organization has already exercised its right to delegate a representative, and some other organizations within the same group have not delegated representatives, such organizations shall not be parties to agreements or participate in drawings for a three-year period beginning with the expiration of the organizations' mandates to serve on a given board of trustees.

Article 58

(1) The incompatibility rules contained in Article 34, (2) except for Subsection d), and Article 35, (1) shall apply to the chairmen and members of boards of trustees. Close relatives of the chairman, and of members of the presidium—as the term "close relatives" is defined in Article 685, b) of the Civil Code of Laws—shall not hold leadership positions at public service program providers under the respective chairman's and members' auspices.

(2) Members of boards of trustees shall not enter into work relationships until one year after termination of their membership with a public service program provider in whose board of trustees they held membership. The waiting period shall be two years for the chairman and members of the presidium.

(3) The National Assembly may revoke the mandate of the board of trustees prior to its expiration pursuant to Article 74/C, (6), of the Civil Code of Laws, at the recommendation of the National Assembly committee having jurisdiction. The National Assembly shall render decisions regarding the discharge of a member or the chairman (vice chairman) of a board of trustees on grounds of incompatibility or reasons specified in Article 37, (4)-(5), of this law; the delegating organization shall render decisions regarding the discharge of its delegates. In this regard National Assembly decisions shall be based on the vote of a two-thirds majority of the representatives present.

(4) The members (chairmen) of boards of trustees shall not have any work relationship with any of the public foundations. The provisions of Article 35, (5) shall apply in this regard. The members (chairmen) of boards of trustees shall not accept compensation on any grounds from any public service program provider they supervise.

Functions and Authority of the Board of Trustees and the Presidium

Article 59

(1) The authority of the board of trustees is:

a) with respect to the public service program provider corporation, to exercise the authority of the general meeting as provided for in Law No. 6 of 1988 on business organizations (hereinafter: "Gt.") with deviations provided by this law;

b) to adopt the public foundation's annual business plan and to ascertain its balance;

c) to make recommendations to the Board concerning increased fees for continued operations;

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d) to make recommendations to the National Assembly committee having jurisdiction to initiate state subsidies and targeted subsidies;

e) whatever the articles of association of the public foundation delegates to the board of trustees in the framework of this law.

(2) The presidium shall manage the assets of the public foundation in its capacity as manager of the public foundation.

Management of the Public Foundation

Article 60

(1) The revenues of the public foundation shall consist of the following:

a) a proportion of the operating fee revenues, as provided for in this law;

b) a proportion of the programming service fee, as provided for in this law;

c) the return on the public foundation's assets;

d) other revenues supporting the foundation (state subsidies, targeted subsidies, payments to the foundation).

(2) The expenditures of the public foundation shall consist of the following:

a) contributions to the operating and development expenditures of the public service programming provider;

b) the public foundation's own costs (expenditures).

(3) The public foundations shall not engage in business activities, shall not establish other businesses or nonprofit companies, shall not acquire ownership shares in other functioning businesses, and shall not establish foundations.

(4) The public foundations shall cover their operating expenses from their share of operating fees, and shall pay the amount not used to pay for their own operating expenses to support the public service program providers.

(5) The State Auditor General's Office shall audit the management of the public foundation.

Functioning of the Board of Trustees and the Presidium

Article 61

(1) The board of trustees and the presidium shall meet as frequently as necessary to perform their functions, but at the minimum, the board of trustees shall meet once every three months, and the presidium once every month. Meetings shall be convened by the chairman of the board of trustees (presidium), even if given decisions pertain to matters that would fall under the authority of a general meeting. The president of a public service program provider shall be invited to participate in discussions pertaining to agenda items of a general meeting character. The chairman shall convene special meetings of the board of trustees (presidium) at the request of a majority of the members of the board of trustees (presidium) for a date within eight days from receiving the request, provided that the request contains the meeting agenda to be dealt with. If the chairman fails to convene a special meeting, the initiators of the request may jointly convene a special meeting.

(2) The votes cast by each member of the board of trustees (including members of the presidium, the chairman and the vice chairman) shall carry equal weight.

(3) Meetings shall be deemed to have a quorum when more than half the number of members, and the chairman or the vice chairman are present. Decisions shall be based on the vote of a simple majority of those present. At board of trustees meetings, however, the vote of a two-thirds majority of those present shall be required for the election of the president of a public service program provider, or for a one-time extension of his mandate—Article 66, (1), b).

(4) Deviating from the Section (3) provisions, the vote of a two-thirds majority of all members shall be required to recall a public service program provider president, to prohibit giving or revoking the mandates of vice presidents—Article 66, (1), c)—as well as in presidium meetings regarding matters specified in Article 66, (2), b). A simple majority of all members of a board of trustees may recommend that the chairman be recalled—Article 66, (1), d).

(5) The chairman shall prepare meeting agendas and shall conduct meetings. Prior to the meeting, any member may recommend items to be included in the agenda; a decision to include such recommended items in the agenda shall be decided at the meeting.

(6) The mandate of the presidium shall have ceased, if on the basis of Article 66, (2), b) the presidium is unable to rally the support of a two-thirds majority of all members to select a president of the program provider, and is also unable to rally the same ratio of votes for the issuance of new job specifications within 30 days from the due date of applications responding to the specifications. In such cases the National Assembly shall elect a new presidium within a month. No member of the former presidium shall be nominated in such cases.

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(7) The secretariat of the board of trustees shall provide administrative and managerial support to the board of trustees. The articles of association shall provide additional rules regarding the organization and functioning of the secretariat of the board of trustees.

The Organ Exercising Control Over the Public Foundation

Article 62

(1) A board of control shall exercise control over the activities of the public foundation board of trustees.

(2) The board of control shall consist of a chairman and two members.

(3) The chairman and one member of the board of control shall be nominated by the opposition groups of National Assembly representatives, and one member by the ruling party group of representatives pursuant to rules applicable to the presidium of the board of trustees, except that National Assembly representatives may also be nominated to serve on boards of control. Rules pertaining to the election of members of the presidium of the board of trustees shall be applied to the election of the chairman and members of the board of control.

(4) The board of control may request information from the board of trustees, and shall have access to documents. The decisions of the board of control shall not be binding on the board of trustees. With respect to illegal decisions rendered by the board of trustees, shortcomings in the management of the public foundation, or decisions which violate or endanger the realization of the foundation's goals, the board of control shall notify the president of the National Assembly and the State Auditor General's Office. The annual report of the board of trustees shall be submitted to the National Assembly with the opinion of the board of control.

Compensation of Members of the Board of Trustees and the Board of Control

Article 63

Members of the presidium shall be compensated at a rate of 140 percent of the basic fee paid to National Assembly representatives, the chairman at a rate of 200 percent of the basic fee, the vice chairman at a rate of 180 percent of the basic fee, members of the board of control at a rate of 70 percent of the basic fee, and the chairman of the board of control at a rate of 100 percent of the basic fee, in addition to expense reimbursement. The rest of the members of the board of trustees shall also be entitled to expense reimbursement.

Title 2

The Hungarian Radio Corporation, the Hungarian Television Corporation, and the Duna Television Corporation

Article 64

(1) To perform the functions of the national public service radio and television, the Hungarian Radio Public Foundation and the Hungarian Television Public Foundation establish the following closed corporations: Hungarian Radio Corporation (hereinafter: "MR Corp.") and Hungarian Television Corporation (hereinafter: "MTV Corp.").

(2) At the conclusion of proceedings provided for in Articles 141-143 of this law, and beginning at the time specified in these provisions, the Hungarian Radio and the Hungarian Television shall function as corporations solely established by the Hungarian Radio Public Foundation and the Hungarian Television Public Foundation respectively.

(3) Rules applicable to corporations provided in the Gt., including joint rules for business organizations, with deviations from those rules specified in this law shall apply to the MR Corp., the MTV Corp., and the Duna TV Corporation (hereinafter jointly: "corporations").

(4) Each corporation shall have a single, nonnegotiable share of stock.

Article 65

The public foundations shall exercise the founder's and stockholder's authority specified in regard to corporations in Articles 288-300 of the Gt., but the foundations shall have no authority to

a) change the basic functional scope of the corporations;

b) terminate, merge, separate, or change the organizational form of the corporations;

c) withdraw assets or profits (dividends) from the corporations;

d) determine the program structure, or the contents of the programs or individual programs of the corporations;

e) direct the corporation president with respect to the authority he exercises as an employer;

f) render decisions in areas which, on the basis of this law, are under the jurisdiction of a different organ, or of the corporation president.

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Authority of the General Meeting

Article 66

(1) The following shall be within the scope of authority of the board of trustees:

a) establishing, changing, and publishing in MAGYAR KOZ-
LONY the articles of incorporation of the public service program provider, as a corporation;

b) electing the corporation president, and providing a one-time extension to his mandate;

c) recalling the corporation president, prohibiting the grant or revocation of vice presidents' mandates—at a board of trustees meeting following action by he corporation president;

d) initiating the recall of the corporation president;

e) protecting the independence of the corporation;

f) approving the rules for public service programming, publishing the same in MUVELODESI KOZLONY, enforcing the requirements established in the rules, evaluating each year the extent to which the rules prevailed;

g) approving rules and regulations providing for the order of managing the archives;

h) evaluating each year the goals enumerated in the corporation president's job specifications;

i) increasing or decreasing the basic capital;

j) approving the principles and summary amounts of the annual management and financial plan;

k) approving the annual transmission time, granting permissions to make changes;

l) determining the amount of money to be expended for new motion pictures produced in Hungary to be used as part of the programming services, including the ratios of extramural production;

m) approving the balance sheet and the profit and loss statement;

n) electing and recalling members of the corporation's supervisory committee, in due regard to the provisions of Gt. Article 13;

o) choosing an auditor and terminating his services.

(2) The exclusive functions and authority of the presidium of the board of trustees shall be as follows:

a) announcing and judging the open competitive examination for the position of corporation president, determining the compensation of the president;

b) making recommendations regarding the choice of president, or regarding the announcement of a new competitive examination, recommending the recall of the president, or the one-time extension of the president's mandate without announcing a new competitive examination;

c) auditing and controlling the management of the corporation;

d-a) granting advance authorization to negotiate contracts involving more than Ft1 billion, or more than 10 percent of the planned annual turnover;

d-b) granting advance approval for borrowing, or for entering into contracts for amounts larger than Ft300 million, or 3 percent of the planned annual turnover;

d-c) authorizing the sale of real estate, or of rights having a pecuniary value of more than Ft100 million,

e) recommending the selection or recall of supervisory committee members, establishing their rate of compensation;

f) recommending the hiring or termination of the auditor, establishing the auditor's rate of compensation;

g) verifying the prevalence of the public service programming rules and regulations, preparing the board of trustee's annual evaluation;

h) continually verifying the corporation president's attainment of goals enumerated in his job specification, preparing the board of trustee's annual evaluation.

Article 67

(1) The president shall manage the corporations; there shall be no functioning board of directors. The president shall exercise all authorities delegated by the Gt. to the boards of directors of corporations. The services of the president shall be engaged on the basis of a performance-oriented contractual relationship, his rate of compensation shall be established once a year in terms of a fixed monthly amount to be charged against the funds of the corporation he manages.

(2) The vice president(s) of the corporations shall serve as employees.

Article 68

The corporation president shall report to the board of trustees (presidium) on the activities of the corporation he manages.

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Article 69

(1) Persons having served during the two-year period immediately preceding the election for corporation president as president of the Republic, prime minister, members of the Government, state secretaries, deputy state secretaries, National Assembly representatives, lord mayors, or political party officials at the national or regional level shall not be elected to become corporation presidents.

(2) The corporation president shall be elected by the board of trustees by secret ballot for a four-year term on the basis of his application. Applications shall include detailed descriptions of the applicant's concept of the corporation's information and cultural program policy goals, business policies, as well as other issues required by the presidium.

(3) The presidium shall announce a new competitive examination 120 days prior to the expiration of the corporation president's contract, or no later than 15 days after the corporation president's mandate is terminated for some other reason.

(4) The board of trustees may extend the corporation president's mandate for a second four-year term only once without announcing a new competitive examination.

Article 70

(1) During his tenure, the corporation president shall not serve as

a) a National Assembly representative,

b) a member of a political party,

c) a member or chairman of the board of trustees or of the Board,

d) a member with ownership share, or leading official, or member of the supervisory committee of a business organization which conducts business with any one of the corporations,

e) a member with ownership share in some other business organization engaged in programming services or newspaper publication,

f) a member with ownership share, or leading official, or member of the supervisory committee of a business organization in which the Hungarian State has a controlling interest.

(2) Except for scientific, educational, literary, artistic, or other activity subject to copyright protection, the corporation president shall not pursue any other income-producing occupation while serving as corporation president, shall not collect fees from the corporation under his direction, and any royalties he receives from the corporation under his direction, shall be offered for charitable purposes.

(3) The corporation president shall not be engaged in partisan political activities, and shall not make partisan political statements.

(4) Prior to commencing his activities, the corporation president shall state in writing that no grounds for incompatibility exist in his regard.

(5) For two years after the expiration of his mandate, the corporation president shall not serve as a leading official in a business organization in which the state has a controlling interest.

Article 71

The corporation president shall direct the corporation pursuant to this law, other legal provisions, the articles of incorporation, the board of trustee's (presidium's) resolutions, and the public service programming rules and regulations.

In this framework, the corporation president shall

a) make decisions regarding the program;

b) establish the organizational and operating rules;

c) submit the public service programming rules and regulations and provide for implementation;

d) submit rules and regulations for archiving and provide for their implementation;

e) establish and submit for approval the annual business plan and provide for its implementation;

f) prepare a balance sheet and a profit and loss statement, and submit these for approval to the board of trustees;

g) submit contract proposals for authorization (Article 66(2)(d-c));

h) submit proposals for authorization to negotiate, and proposals requiring advance approval (Article 66(2)(d-a) and (d-b));

i) exercise the authority of the employer over employees of the corporation, including the hiring of vice president(s);

j) provide for the preparation of all additional submissions required by this law, the articles of incorporation, or by resolutions of the board of trustees;

k) except as differently provided for in this law, exercises all authorities delegated by the Ct. to corporation boards of directors.

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Article 72

The corporation president shall not receive compensation on any grounds from the owner of the corporation.

Supervisory Committee of the Corporation

Article 73

(1) The supervisory committee shall oversee the management of the corporation. It shall have authority to request reports and information from the president and from the company's workers, to examine the company's books, bank account, documents and treasury at any time, and to have an expert examine these at the expense of the company.

(2) The supervisory committee shall have three members. Except for the member elected by the workers, the members shall be elected by the board of trustees for four-year terms. If changes in the supervisory committee membership occur, or if the supervisory committee is supplemented by new members, the mandate of the new member(s) shall expire at the original expiration date of the supervisory committee's mandate.

(3) The supervisory committee shall elect a chairman from its ranks at its first meeting.

(4) The supervisory committee shall establish its own rules of order; its procedures shall be approved by the board of trustees.

(5) The supervisory committee shall be deemed to have a quorum when at least two of its members are present at a meeting.

(6) The supervisory committee shall examine all reports prepared for submission to the board of trustees (presidium) which pertain to matters having a pecuniary character under the board of trustees' or presidium's authority to perform the functions of a corporate general meeting.

(7) The corporation's internal audit and control organ shall be directed by the supervisory committee.

(8) Criteria contained in the Gt. and in the articles of incorporation shall govern all other aspects of the supervisory committee's organization and operation.

Auditor of the Corporation

Article 74

(1) The board of trustees shall elect the auditor of the corporation for a four-year term.

(2) The functions, rights and authority of the auditor shall be specified in the articles of incorporation, pursuant to the framework provided by the Gt.

Management of the Corporation

Article 75

(1) Under the central budget title "National Assembly," the state shall provide subsidies to corporations through public foundations, in amounts corresponding to their program dissemination expenses.

(2) Under the central budget title "National Assembly," the state may provide budgetary support to the Hungarian Radio Corporation—through the public foundation—to support artistic ensembles.

(3) The corporation may engage in entrepreneurial activities to enhance its main function. Its profits shall be used exclusively for the continuation and development of its programming services, and for the development of its enterprises.

(4) The corporation shall not have a share in the business of another program provider.

(5) Works created prior to the effective date of this law which serve as a basis for copyright to which the Hungarian Radio, the Hungarian Television and Duna Television are entitled may be utilized by the public service program providers mutually in their own programs only, without compensation, and without violating the program plan of those having possession [as published].

Article 76

(1) The president, vice president, or any other worker of the corporation not exempted from this restriction by the organizational and operating rules shall not consummate contracts on behalf of the corporation in which he, or a relative of his—as defined in Article 685, b) of the Civil Code of Laws—or a company in which he or his relative—as defined in Article 685, b) of the Civil Code of Laws—has a direct or indirect ownership, pecuniary, or personal interest is the other contracting party. If another worker of the corporation consummates the contract within the sphere of interest of the persons restricted, the contract shall be forwarded immediately to the corporation's supervisory committee.

(2) The corporation shall maintain separate records of contracts exceeding 500,000 forints [Ft] in value. Such records shall be kept up to date, and the data entered in the records shall identify the contracting firms, the services rendered by the contracting parties, and the related compensation. Contracts entered into with the same party in the same calendar year shall be regarded as one contract.

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CHAPTER V

Financial Support System for Programming Services

Title 1

Programming Service Fund

Article 77

(1) The Programming Service Fund (hereinafter: "Fund") is a segregated fund, whose function is to support public service programming, public program providers, nonprofit program providers, as well as public service programs and individual programs, to preserve and further develop culture, to ensure variety in programs, and to provide support for other functions defined in this law.

(2) Moneys from the Fund shall be used exclusively for purposes specified in this law.

(3) The resources of the Fund: programming service fees, application fees, penalties and compensation resulting from programming service contract violations, operating fees as well as state contributions provided in the form of lump sum payments and supplements, and further, voluntary contributions.

(4) Voluntary contributions to the Fund shall qualify as assumptions of obligations for public interest purposes.

(5) The fund shall be managed by the Board. The Fund shall be a legal entity.

(6) Detailed rules for the management of the Fund shall be established by the Board in agreement with the Finance Minister and shall be published in MU-VELODESI KOZLONY.

Article 78

(1) Each year a minimum of one half of 1 percent, and a maximum of 1 percent of the Fund's revenues shall be paid both to the nonprofit program providers and to the public program providers in the form of refundable or nonrefundable support. Support payments shall be earmarked for a certain period of the program provider's continuous activity.

(2) At least 50 percent of the programming service fees paid into the fund by program providers shall be expended for the reimbursable or nonreimbursable support of Hungarian-made individual public service program production, with special attention to requirements related to the production of films.

(3) Public service program providers shall benefit to the extent of up to one-third of the amount distributed pursuant to Section (2).

(4) The sponsoring of individual public service programs and overall programs, nonprofit program providers, and public program providers shall be based on a public call for applications. Criteria for application shall be issued by the Board, and an ad hoc committee of judges convened by the Board shall evaluate the applications.

(5) Members of the jury shall be selected by the Board from among persons respected by the public, based on incompatibility rules applicable to the members of the Board. Public officials shall not serve on the jury. The professional associations and interest groups of those obligated to pay programming service fees, nonprofit program providers and public program providers shall be represented in the jury.

(6) The Board shall publicize its decision.

Title 2

Operating Fee

Article 79

(1) Anyone operating equipment suitable to receive television programs (hereinafter: "television set") shall pay an operating fee. Unless otherwise provided by this law, the operating fee shall be paid per television set.

(2) The amount of the operating fee shall be established annually as part of the central budget law.

(3) The amount of the operating fee shall be established in due regard to the competitive and thrifty operations of public service program providers, the operation of the programming service system, and the need to support public service programs.

(4) The Board shall provide for the collection of operating fees by way of an agent selected on the basis of applications submitted in response to a public call for applications.

Article 80

(1) No operating fee shall be paid after

a) second and additional television sets operated by private persons and persons sharing the private person's household;

b) second and additional television sets used in health care and children's institutions, the armed forces, organs maintaining public order, nursing homes, nurseries, educational institutions and institutions of public education, public collections, student hostels (colleges), social welfare institutions providing personal care within the same building or group of buildings;

c) leased television sets;

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d) television sets taken for a trial period not exceeding 15 days;

e) television sets operated by program providers, program distributors, operators of program relay and broadcast systems, as well as television sets operated by the Board or the Communications Chief Superintendency for in-house, reception observation or control purposes at the plant, observation point or in a motor vehicle;

f) television sets operated by foreign citizens staying in Hungary for less than 30 days;

g) television sets operated by diplomatic and consular representatives and international organizations, as well as their members, employees and family members not holding Hungarian citizenship, and other organs and persons exempt from the payment of fees based on international agreements;

h) television sets operated as monitors in closed circuit systems.

(2) Operating fees shall be paid

a) for one television set per location by persons engaged in the sale or demonstration of television sets;

b) for each television set by persons engaged in renting or leasing television sets, and further, incorporated or unincorporated businesses other than those defined in Section (1), b), d), g), and (h); and

(3) triple the amount of operating fees shall be paid for television sets operated in units of the hospitality (hotel) industry and other commercial units except for those specified in Section (2), a), or in public areas.

Article 81

(1) The following shall be exempt from under payment of operating fees:

a) persons age 70 or older living alone;

b) couples and companions maintaining an independent household, if one of them is older than 70 years, and the other is older than 60 years;

c) persons 60 years or older, who provide a livelihood for a close relative—Paragraph 685, b) of the Civil Code of Laws—and who have no independent pension, earnings, or other income;

d) disabled veterans and war-widows;

e) persons with severe visual or hearing impairment and with Category 1 and 2 disabilities.

(2) A lump sum operating fee shall be appropriated as part of the annual central budget as operating fees payable after the persons specified in Section (1), and shall be transferred to the Fund monthly, on a time-proportionate basis.

(3) Exempt persons shall be exempt from the obligation to pay the fees beginning on the first day of the month after they provided proof of grounds for the exemption. Persons who have already provided proof of their exemption prior to the effective date of this law need not verify their exemption again.

Article 82

(1) The obligation to pay fees shall commence on the first day of the month following the initial operation of a television set, and shall prevail until the last day of the month in which operation ceases.

(2) If a person obligated to pay fees fails to make payments, he shall pay an extra charge of the same amount as the fee, in addition to paying the delinquent fee.

Article 83

Persons obligated to pay fees shall report within eight days from commencement of the payment obligation to the organization collecting the fees

a) that they are operating a television set, and

b) the activity specified in Article 80, (2), b) and Section (3), as well as the number of television sets operated, the increase in the number of sets, and the fee to be paid.

Article 84

(1) To the extent of 50 percent of the subscription fees paid by persons operating television sets (base number) the central budget shall retroactively supplement each year the Fund's revenues derived from operating fees, if such revenues fall short of the above-mentioned percentage ratio. If revenues exceed the 50 percent ratio, the central budget shall provide subsidies as follows:

—if the amount of revenues represents 50.1-60 percent of the base number, 40 percent of revenues over and above 50 percent;

—if the amount of revenues represents 60.1-70 percent of the base number, 35 percent of revenues over and above 50 percent;

—if the amount of revenues represents 70.1-80 percent of the base number, 30 percent of revenues over and above 50 percent;

—if the amount of revenues represents 80.1-90 percent of the base number, 25 percent of revenues over and above 50 percent;

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—if the amount of revenues represents 90.1-95 percent of the base number, 20 percent of revenues over and above 50 percent.

(2) After deducting collection costs, 50 percent of all operating fees deposited to the Fund shall be paid through the respective owner public foundations to the Hungarian Television, 28 percent to the Hungarian Radio, and 14 percent to Duna Television. From the remainder, 1 percent shall be paid to the Board, 1 percent—in equal shares—to the Hungarian Radio Public Foundation, the Hungarian Television Public Foundation, and the Hungaria Television Public Foundation to cover their operating expenditures, and 6 percent shall be allocated to support public service programs proposed in response to calls for applications.

(3) The National Assembly may round out the budget of the Board to the extent of 4 percent of all operating fees transferred to the Fund, of the boards of trustees to textent of 3 percent of all operating fees transferred to the Fund, charging the Fund. A joint proposal to receive such funds may be submitted by the boards of trustees to the National Assembly committee having jurisdiction over the budget.

CHAPTER VI

License To Provide Programming Services

Title 1

General Provisions

Article 85

(1) Natural persons with residence in Hungary, legal entities registered in the Hungarian Republic, and unincorporated business organizations shall be entitled to provide programming services in Hungary.

(2) The stock of program providers operating as corporations shall be exclusively in the form of registered shares.

(3) Television program providers offering national or regional coverage, or radio program providers offering national coverage shall operate as corporations, or as nonprofit organizations owned exclusively by local or regional governments, or (and) by national and ethnic minority governing boards.

Article 86

(1) Enterprises authorized by the Board in proceedings consistent with the law, and public service program providers may function as program providers or as network program providers.

(2) The following persons shall not be entitled to provide programming services:

a) the president of the Republic, the prime minister, National Assembly representatives, members of the Government, state secretaries, the National Assembly commissioner of citizen rights, and justices of the Constitutional Court;

b) mayors, lord mayors, chairmen of county general assemblies, their deputies, village clerks and village chief clerks;

c) judges, prosecutors;

d) employees, and national or regional officials of political parties;

e) members of the supervisory committees and boards of trustees of public service program providers;

f) the presidents and vice presidents of public service program providers, and anyone having an employment relationship with public service program providers;

g) members of the Board, as well as anyone who has a work relationship with the Board;

h) leading officials of public administrative organs, the Hungarian National Bank, the Office of Economic Competition, the State Privatization and Property Management Corporation, and of the State Auditor General's Office, the controller, and members of the Economic Competition Council;

i) anyone having a legally established work relationship with the Communications Chief Superintendency.

(3) The following organizations shall not be entitled to provide programming services:

a) political parties, and business organizations established by political parties;

b) state and public administrative organs, except in cases governed by Articles 19/D and 19/E of the Constitution if the implementing law does not provide otherwise;

c) business organizations in which the Hungarian state has a determinant share;

d) business organizations in which any of the persons listed in Section (2) have a direct or indirect ownership share, or have acquired a right to influence decisions based on separate agreement or otherwise, or persons and organizations otherwise restricted in acquiring property.

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(4) Anyone providing telecommunications services within the reception area of the planned programming service shall not acquire a license to provide programming services prior to 31 December 2002, except

a) if the telecommunications service permit was granted after consummating the programming service agreement in order to broadcast his own program;

b) program distributors who do not perform other telecommunications services.

(5) Anyone licensed to provide programming services based on a contract or declaration shall be entitled to simultaneously perform no more than

a) one national programming service, or

b) two regional and four local programming services, or

c) 12 local programming services.

(6) The Section (5) restriction shall not apply to specialized programming services, but the advertising time authorized in Article 16, (1)-(3) shall be taken into consideration only with a 0.3 multiplier in regard to programming service(s) exceeding the limits provided in Section (5).

Article 87

A business organization, whose board of directors, managing directors or supervisory committee, or a foundation, whose board of trustees include a member or employee of the local legislature, a mayor, lord mayor, or close relative of these, as "close relative" is defined in Article 685, b) of the Civil Code of Laws, shall not be entitled to provide programming services if at least 20 percent of the program coverage coincides with the area of jurisdiction of the local government.

Article 88

Only network programming services shall be entitled to provide network programming. Provisions applicable to programming services shall be applied to network programming services.

Article 89

(1) Program providers shall retain authentic documentation concerning their programs for 30 days after presentation, including a full recording of the entire exit sign of the programming service; national and regional programming services shall preserve such documentation for 60 days, or, upon request, shall forward the same, without reimbursement of costs, to the Board. In proceedings are initiated, or if legal disputes involving programming services arise, the documentation shall be retained for a period of one year from the affirmed conclusion of the proceeding.

(2) Based on law and contractual obligations, program providers shall be required to take control measures, perform measurements, and provide and store data.

(3) Unless otherwise provided for by law, the costs of taking control measures shall be borne by the person obligated to do so.

(4) Program providers shall be obligated to provide data to the Board as required by the Board, and especially in regard to the following in order to permit verification of compliance with

a) restrictions and prohibitions on advertising, prescriptions regarding sponsorship of programs, program production and the broadcasting of public service programs;

b) obligations agreed to as part of the programming service contract;

c) public service programming provider's obligations;

d) and to determine linkages described in Chapter VIII of the law.

Title 2

Basic Contents of Programming Service Contracts

Article 90

(1) The contract is entered into between the Board and the program provider selected on the basis of the application process. Programming service contracts shall be consummated only if the method of dissemination is nonsatellite broadcast, broadcast via satellite at the disposal of (or leased by) the Government, or radiotelecommunications.

(2) Program providers shall be entitled and obligated to broadcast for the length of time and during the transmission time agreed to in their respective applications, using their own distinguishing identification signals, programs consistent with their agreed-to program structures, by using the network, equipment, means or telecommunications service (broadcast transmitter) they operate. No telecommunications service permit shall be obtained for broadcasting and relay activities performed with the program provider's own means, but other permits specified in separate legal provisions shall be obtained.

(3) Program providers under contract with the Board shall pay quarterly programming service fees in advance. The initial advance payment upon contract award

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shall cover two quarters. In case of late payment, the Board may cancel the contract upon 15 days' notice.

(4) Violations of Section (3) provisions shall be regarded as grave violations of the law.

(5) Penalties that may be payable for each violation of the contract shall not exceed 50 percent of the annual programming service fee.

(6) Nonprofit program providers shall not be required to pay programming service fees. The Board shall establish criteria for the nonprofit status of program providers. Program providers shall report annually at a time specified by the Board concerning compliance with the criteria established by the Board.

Title 3

General Conditions Governing the Application Process

Article 91

(1) The Board shall publicize in at least two daily newspapers with nationwide circulation the general conditions applicable to the contents of contracts and the judging of applications. The general conditions for application shall be established so as to enforce the freedom and variety of information and culture, and the preservation and enrichment of the universal and national culture.

(2) The general conditions for applying shall specify especially the following:

a) the objective conditions for providing programming services;

b) the criteria by which the objective conditions are evaluated;

c) the consequences of violating the contract, thus, especially, the penalties and conditions for suspending programming services for not more than 30 days;

d) conditions for the presentation, safeguarding, accessibility, and communication of information needed to determine the program provider's performance of its obligations.

(3) In specifying the objective conditions pursuant to Section (2), b), especially the following shall be required:

a) business plan,

b) a bank's statement verifying that funds equalling at least three months of operating expenses, not counting advertising revenues, have been deposited to a segregated account and are available to the program provider;

c) a statement of the technical conditions;

d) a program plan and presentation of the chief characteristics of the program, with a separate discussion of informational and public service programs—and especially news programs, and in case of national or regional television programming, a description of the concept for the presentation of motion pictures produced in Hungary, and the proportionate time periods allocated for all the above;

e) an offer regarding the planned programming time.

(4) An applicant shall be deemed to comply with the objective conditions if he proves or renders probable the fulfillment of the criteria.

Article 92

(1) General conditions for application shall be framed so as to permit applicants to distinguish between conditions applicable to local, regional and national, and satellite programming services.

(2) Regarding program provider companies with direct or indirect proprietary interests held by local or regional governments, the general conditions for application may specify the extent to which the owner may exercise his voting rights, and the conditions for appointing the head of such program provider (conditions for application).

Draft General Conditions for Application and Public Hearing

Article 93

The Board shall draft general conditions for application, and shall publicize the entire text with supporting arguments in MUVELODESI KOZLONY. Anyone may file written comments with the Board regarding the draft within 15 days from publication.

Article 94

(1) The Board shall hold a public hearing (hereinafter: "hearing") no sooner than 20 days, and no later than 30 days after publication of the general conditions for application. A representative of the Communications Chief Superintendency shall participate in the hearing.

(2) Notice of the time and location of the hearing shall be published at least 10 days prior to the hearing in MUVELODESI KOZLONY and in two daily newspapers with nationwide circulation.

(3) An opportunity shall be granted to all interested parties to express their views at the hearing, and for representatives of the Board and the Communications Chief Superintendency to respond to questions raised by interested parties.

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(4) A representative of the Board shall preside at the hearing; he shall decide whether conditions specified by law for holding the hearing prevail.

(5) The official presiding over the hearing shall establish the final agenda after hearing the views of those present, and in due regard to an agenda publicized in advance.

(6) Anyone may ask questions or express opinions at the hearing on matters related to the subject of the proceeding.

(7) Those present may ask questions from each other, provided that such questions are addressed to the official presiding over the hearing.

(8) A hearing record shall be prepared within eight days after the hearing, and shall be made available for review at the office of the Board.

(9) The Board shall finalize the general conditions for application after the hearing. The finalized general conditions for application shall be published in MUVELODESI KOZLONY within 30 days after the hearing.

Title 4

Call for Applications

Article 95

(1) The provisions of Articles 93-94 shall be appropriately applied to the drafting and publication of the call for applications, and for public hearing.

(2) Regarding programming service opportunities, the call for applications shall include the data enumerated in Article 52, (4), the mandatory contents of the applications, as well as criteria for evaluating numerical statements responding to Article 96, (1), e), f), g), and i).

(3) Conditions specified in the call for application may deviate from the general conditions for application only if the law or the general conditions for application permit such deviations. The general conditions for application shall be deemed to be part of the call for application.

(4) The call for application shall allow

a) at least 60 days for submitting applications for national programming services;

b) at least 40 days for submitting applications for regional programming services; and

c) at least 30 days from submitting applications for local programming services.

(5) The Board may condition applications by specifying certain ratios for public service programs or certain amounts of time for programs serving national or ethnic minorities or some other minority needs, if, considering all programming services in a given reception area, the freedom of information and the freedom of being informed, and a reflection of the variety of cultures does not prevail. To enforce rights secured for national and ethnic minorities by other law, public service organizations, as nonprofit programming services exclusively owned by national and ethnic minority governing boards, shall be entitled without application to provide from their programming time at least four hours, at most eight hours of programming services per week, if within a reception area defined in a call for application the native language information needs of national and ethnic minorities cannot be satisfied otherwise.

(6) In its call for applications, the Board may establish as a condition beyond the time requirement established in Article 8, (3) that the program provider offer regular newscasts.

(7) The call for applications shall specify the minimum amount of programming service fees, below which licenses for program providers—except for nonprofit program providers—cannot be awarded.

(8) The call for applications may offer a 50-percent exemption from under the payment of programming service fees for a maximum of two years. Such exemption shall not affect the bank deposit requirement established in Article 91, Section (3), Subsection b).

(9) Applicants shall pay an application fee amounting to 5 percent of the smallest annual programming service fee announced. Eighty percent of the application fee shall be applied to the programming service fee; if an application is rejected, 80 percent of the application fee shall be refunded to the applicant within 30 days from the date of rejection.

(10) The call for applications shall specify the mandatory starting date for programming services. The license to provide programming services shall be cancelled if programming services are not started by fault of the program provider by the date specified.

Contents of Applications

Article 96

(1) Applications shall include the following:

a) the applicant's data: name, residential address (headquarters, plant location), registration number assigned by the registry of firms or court;

b) the name and residential address of a person with no criminal record, who, under legal provisions

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governing the press and provisions of this law, is responsible for the activities of the program provider;

c) if the applicant is a business organization, the company's contract and articles of incorporation, including possible amendments;

d) the applicants declaration as to the size of his direct or indirect ownership share in a business organization that publishes or distributes a daily or weekly Hungarian newspaper, or performs programming services in Hungary, or seeks a license to provide programming services in Hungary;

e) basic information concerning the proposed programming service:

—the kind of programming service applied for (radio, television),

—reception area,

—broadcasting opportunities to be used,

—the transmission time, the scheduling of transmission time for the services,

—the planned supplemental and incremental value programming services,

—the permanent designation of the programming service, its emblem and signal;

f) the planned program structure, the average monthly programming time to be dedicated to individual public service programs, the programming time to be dedicated to regular daily newscasts, the planned average monthly programming time to be dedicated to serve national and ethnic, or other minorities;

g) other information sought in the call for applications, including the amount of programming service fees offered;

h) in case of satellite programming services, a declaration of intent by the satellite capacity provider whose capacity the applicant plans to use regarding the leasing of the channel, the frequency of the channel, its technical conditions and the fees charged;

i) the program provider's business and financial plan, and a statement by a bank concerning the availability of funds pursuant to Article 93, (3), b).

(2) Applications submitted by business organizations shall also contain data concerning the size of direct or indirect ownership shares held by persons with ownership shares in the business organization submitting the application, the publishing or distribution enterprise of any daily or weekly Hungarian newspaper, a program provider operating in Hungary, or a business organization seeking a license to provide programming services in Hungary.

(3) Applicants shall declare that they are not subject to any exclusionary provision specified by law, and that no cause for exclusion would arise, should another, pending application be accepted.

(4) The Board shall not divulge to third parties data contained in applications prior to consummating a contract. Upon consummating a contract, the Section (1) data, except for data required under Subsection d), shall constitute public information.

Article 97

Regarding applications submitted pursuant to Article 102, (1), b), the Board shall publish in MUVELODESI KOZLONY the names, addresses, the character and reception area of the programming service and other data within 15 days from the application deadline.

Judging the Applications

Article 98

Regarding nationwide programming services within 90 days, in all other cases within 60 days from the deadline for applications the Board shall examine whether the applicant

a) is subject to restrictive conditions specified in Articles 85-88 or Chapter VIII;

b) complied with both the substantive and formal requirements specified in the call for applications, and whether the applicant

c) complied with objective and personal conditions for application contained or based on the law.

Article 99

(1) The Board shall reject an application within the time period specified in Article 98 if the applicant is subject to restrictive provisions, indicating the reason for rejection, with supporting arguments.

(2) If none of the applications satisfies the conditions specified in Article 95, (5), the Board may judge the applications as if the Article 95, (5) conditions had not been announced.

(3) If an application fails to comply with the requirements established in Article 95, the Board shall return the application to the applicant for additional information and correction. Missing information shall be provided within 15 days. Failure to meet this deadline shall result in the loss of rights and the rejection of the application.

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(4) Applications not accompanied by application fees shall be rejected.

(5) The rejection of applications based on Section (1) may be challenged in court. Courts may order the Board to indemnify an applicant if his challenge is found to be well-founded. The filing of a suit shall not impede the application process.

Article 100

(1) The Board shall enter into a contractual agreement with the winning applicant. In cases involving local program providers, if only one applicant complies with the requirements established by law and as part of the application process, the Board shall consummate a programming service contract with that applicant.

(2) If the daily transmission time offered amounts to less than eight hours, the Board shall invite applications for the remainder of the time.

(3) If the daily transmission time offered amounts to more than eight hours, the Board, with the agreement of the licensee, may invite applications for the remainder of the time.

(4) The Board shall consummate contracts after completing proceedings specified in Article 101, if programming service needs pursuant to competing applications cannot be satisfied simultaneously in a manner indicated.

Article 101

(1) If the Board must choose among competing applications, it may call upon the competing applicants within the time period designated in Article 98 to reach an agreement within 15 days from the Board's call on dividing the time allotted to the broadcasting opportunities applied for.

(2) If no agreement is reached, the Board shall choose from among the competing applications based on the principles of evaluation made public when the call for applications was issued.

(3) If the competing applicants—not including nationwide programming services—include a nonprofit program provider, the license shall be granted to the nonprofit program provider if the residents in the given reception area are already able to receive at least two for profit local programming services and that at least one of these services broadcasts its programs.

Consummating the Programming Service Contract

Article 102

(1) A programming service contract may be awarded by

a) choosing between applications submitted in response to a call for applications, or based on

b) a prospective program provider's plan to provide programming services consistent with this law, and approved by the Board based on the Communications Chief Superintendency's verification.

(2) The Section (1), a) call for applications refers to programming service opportunities developed by the Communications Chief Superintendency and previously published in MUVELODESI KOZLONY, specifying the reception area, the frequency band and other technical characteristics.

(3) The Communications Chief Superintendency shall provide data for the Section (1), b) plan and shall be reimbursed for the cost of providing the data.

(4) Applications based on Section (1), a) may be submitted

a) until the deadline specified in the public call for application published by the Board, and

b) at any time after judging the applications received in response to the Subsection a) call for applications, for the remainder of the programming service opportunities.

(5) The Board shall invite applications for programming service opportunities based on Section (1), b) planning. After judging the applications, the programming service contract shall be awarded to the original applicant provided that he complies with the legal criteria, and that he agrees to pay the highest programming service fee offered by other applicants.

(6) The Section (1), b) original applicant shall be reimbursed by the winning applicant for expenditures incurred in the course of planning and in conjunction with obtaining the needed data.

Title 5

Frequency Assignment

Article 103

(1) The Communications Chief Superintendency shall assign broadcast frequencies to licensed program providers or to telecommunications service providers under contract with such program providers.

(2) Frequency assignment proceedings shall be conducted by the Communications Chief Superintendency pursuant to Law No. 62 of 1993 on frequency spectrum management (hereinafter: "Ftv.").

(3) Determinations assigning frequencies to broadcasters shall state the following:

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a) the fee for committing a frequency, and

b) the technical conditions of, and requirements for operating the broadcast transmitter.

(4) The appendix to the determination assigning the frequency for the broadcast transmitter shall contain the following:

a) the number assigned to the Board's decision and the date of the decision, and

b) the conditions established by the Board for programming services.

Article 104

(1) A broadcaster's radio license shall contain the following:

a) The information required in Article 103, (3), b) and (4), and

b) the amount of the frequency use fee.

(2) The radio license for the broadcast transmitter issued by the Communications Chief Superintendency shall expire on the expiration date of the programming service license.

(3) The Communications Chief Superintendency shall verify compliance with the provisions of the programming service agreement and the radio license on an ex officio basis or at the Board's request, and shall inform the Board of irregularities.

(4) The Board shall reimburse the Communications Chief Superintendency for expenditures incurred in conjunction with verifications performed at the Board's request. If a verification performed at the Board's request reveals violations of the programming service contract or the radio license, the cost of verification shall be paid by the person found to be in violation, as determined pursuant to Article 339 of the Civil Code of Laws.

Title 6

Operating Conditions

Article 105

(1) Within eight days of receipt, the broadcast licensee shall forward a copy of the radio permit to the Board and shall announce to the Board in writing the commencement of broadcasting eight days prior to the actual commencement.

(2) The broadcast licensee shall report changes in data be provided within eight days from the change. The Board shall refuse to take note of the change if the change is contrary to law.

Article 106

(1) The operator of the broadcast transmitter shall, in cooperation with the program provider, transmit an identification signal continuously, or repeatedly daily at a certain time, or shall make provisions for the announcement of identifying information. If a transmitter transmits the programs of several program providers, it should be possible to distinguish between the various identifying information or signals.

(2) The broadcast transmitter may transmit a standard signal, standard image, still picture or monoscope before the commencement and after the program for ten minutes at most, and during the program for two minutes at most.

(3) The Section (2) restriction shall not be applied in case of technical difficulties when there is no program signal, for the duration of the absence of the program signal.

(4) During the operation of a television broadcast transmitter the audio transmitter and the video transmitter shall not be operated separately, or in a manner that the two transmitters transmit different, mutually unrelated programming, except for

a) measurement or experimental transmissions announced in advance;

b) the transmission of a still picture or the monoscope, and

c) if the technical problem can be announced only on the audio channel or only on the video channel, due to a flaw in either the video or the audio channel.

Title 7

Length of Validity of Licenses

Article 107

(1) Television programming service licenses shall be valid for 10 years, radio programming service licenses for seven years. At the program provider's request, upon expiration, licenses may be renewed once for a five-year period without inviting applications. Requests for renewal shall be announced to the Board 14 months before the expiration date.

(2) In the absence of an announcement pursuant to Section (1), or if a license cannot be renewed, the Board shall issue a public call for applications 12 months before the license expires.

(3) A license shall not be renewed if the licensee has repeatedly or gravely violated the contractual agreement.

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(4) In other respects, rules applicable to the granting of a license shall be applied in proceedings to renew a license.

Title 8

Approval of Joint Networking

Article 108

(1) If in the case of planned joint networking the reception area or the program characteristics differ from those specified in the programming service license, approval of joint networking shall be subject to the approval of amendments to the programming service contract.

(2) Plans for joint networking shall be announced to the Board jointly by all parties planning to perform joint networking. The announcement shall include the name of the network program provider and the license specified in Law No. 72. of 1992 on telecommunications (hereinafter: "Ttv.") Article 19, (4), a) and b). A request for permit to perform joint networking sought in a proceeding conducted by the telecommunication authority shall be denied only for failure to comply with technical conditions.

(3) If the parties making the announcement comply with the provisions of Article 98, the Board shall amend the programming service contracts, and at the same time, register the joint networking as well as the network program providers. Programming service contracts of regional and local program providers joining the network, whose remaining own programming amounts to less than four hours a day shall not be amended.

(4) Public program providers shall pay programming service fees if they join the network not exclusively for the purposes of their own public service programs. Nonprofit program providers may perform joint networking only with nonprofit program providers.

Title 9

Changes Occurring in Ownership Conditions and Other Data of Program Providers

Article 109

(1) Program provider licenses shall not be transferable.

(2) Program providers shall announce to the Board any changes occurring in ownership conditions and other data, thus, especially

a) changes in the name and headquarters (address) of the program provider;

b) in cases involving legal entities or unincorporated business organizations changes in ownership share, the bylaws, articles of incorporation or articles of association.

(3) Program providers shall declare whether the changes occurring in ownership conditions violate the provisions of Chapter VIII of this law.

Title 10

Exchanges the Frequency

Article 110

If program transmission activity cannot be pursued prior to the expiration of the license because the radio license was withdrawn under notice to the Board based on Ftv. Article 12, (1) by no fault of the licensee, the Board shall offer the licensee another programming service license with similar conditions, without issuing a call for applications.

Title 11

Contract Amendments

Article 111

The Board shall not deny a request for contract amendment if the reception area has increased due to an increased population reached by the program distribution system, and as a result of such increase the local program provider became a regional program provider, and the regional program provider became a national program provider, on condition that the program provider satisfies the requirements of this law applicable to the given new program provider status in all other respects.

Title 12

Violating the Law or the Contract

Article 112

(1) If a program provider fails to comply with, or violates conditions and requirements established in this law, the copyright law, the programming service contract or the radio license, or if a person commits a crime specified in Article 329 of the Criminal Code of Laws while employed by, or while having some other legal relationship for the performance of work with the program provider, and his guilt regarding the commission of a crime specified in Article 329 of the Criminal Code of Laws was established by an affirmed judgment of a court, the Board shall

a) call upon the program provider to cease the deleterious conduct;

b) determine in a written warning that a violation of law has occurred, and call upon the program provider

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to cease the violation and not to violate the law in the future;

c) suspend operations under the license for a certain period of time not exceeding 30 days;

d) enforce the penalty stipulated in the contract;

e) against public service program providers, or at the Complaint Committee's initiative, impose a fine within limits specified in Article 135, or

f) cancel the contract with immediate effect.

(2) The warning and penalty provided for in Section (1) may be applied in conjunction with other prejudicial provisions contained in Section (1).

(3) The warning and the position taken regarding the suspension of the programming service license shall be published in MUVELODESI KOZLONY.

(4) A contract shall be cancelled with immediate effect if

a) there were no grounds for entering into an agreement and the illegal conditions continue to prevail;

b) the contract violates the provisions of Chapter VIII. of the law, and the licensee has failed to correct the violation within 180 days pursuant to determinations issued by the Office of Economic Competition or the Board;

c) a second written warning pursuant to Section (1), b) since consummation of the contract is warranted.

(5) In cases involving nonprofit program providers or public program providers, the announced programming service fee shall be the base penalty, except if these program providers pay programming services fees.

(6) If failure to comply with requirements pertaining to commercial advertising and sponsorship also violate the interests of viewers and listeners, the Board may propose to the Consumer Protection Chief Superintendency that it prohibit or condition the service provision, and that the Superintendency impose a fine, in addition to applying the legal consequences of violating the contract.

Title 13

Cable and Satellite Programming Services

Article 113

(1) Program providers who disseminate their programs exclusively with the aid of program distribution systems shall report the data required in Article 96, (1)-(3) to the Board at least 30 days prior to commencing their programming services.

(2) If the Board has not refused to take note of the report within 60 days, the report shall be regarded as registered, provided that the licensee has been informed of the amount of the programming service fee within that deadline.

(3) Taking note of the report shall be denied if the person reporting could otherwise not be entitled to a programming service contract.

(4) A program provider shall be deleted from the registry if

a) the registration should have been denied;

b) the operator reported that he discontinued program distribution services or that within a 12-month period he pursued such activity for not more than 60 days;

c) he has repeatedly and gravely violated the requirements of Chapter II. of this law.

(5) This provision shall also be applied to cases in which programming services are provided by using a satellite not under the direction of the Government.

Title 14

Temporary Programming Services

Article 114

(1) Upon request, a temporary programming service contract—valid for not more than 30 days and providing a license for local programming services—shall be entered into for the use of program transmission opportunities

a) which have already been included in the frequency plan publicized by the Board and which no one claimed, or

b) for which someone else has already acquired a programming service license, but the licensee's programming services are not scheduled to commence within 60 days after the conclusion of temporary programming services.

(2) If a given programming service opportunity is not included in the publicized frequency plan, the applicant shall prove with a certificate issued by the Communications Chief Superintendency that programming services can be provided without disturbing others and without violating international requirements. The certificate shall include the technical data contained in Article 52, (4). In such cases the Board shall issue programming service licenses based on proceedings conducted pursuant to the following rules:

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a) the Board shall publish a call for applications with data required pursuant to Article 52(4) within eight days from receiving the request;

b) applications shall be submitted within eight days from the Board's publishing the call for applications;

c) applications shall include:

c-a) the name and address of the applicant,

c-b) the bylaws or articles of incorporation of legal entities or unincorporated business organizations,

c-c) the planned programming time on a daily, weekly or monthly basis,

c-d) the program plan,

c-e) the name and address of the person responsible for the program;

d) if only one application is received for the programming service opportunity announced, and if the application received complies with the provisions of the law, the Board shall enter into a programming service agreement with the applicant;

e) if several applications are received for the programming service opportunity announced, and if each of the applications received complies with the provisions of the law, the applicants may reach a mutual agreement when called upon by the Board on how to divide programming time among themselves. If such an agreement is reached, the Board shall enter into programming service contracts with each applicant. If no agreement is consummated within three days after the Board's call, the Board shall render a decisions on awarding the programming service license. If complaints against the decision are received, the Board shall conduct the application process as provided for in Title 3.

(3) Temporary programming service contracts may be consummated with the same enterprise only once a year, or, within the same administrative area three times a year, so that at least one month passes between the duration of each temporary contracts. Program providers authorized to provide temporary programming services shall not perform joint networking with other program providers.

(4) Nonprofit program providers shall not pay programming service fees based on a temporary programming service contract. In other instances, however, the amount of the programming service fee shall be established by the Board.

(5) The provisions of Chapter VIII of this law shall be disregarded when applying the provisions of this article.

(6) The temporary programming service period provided for in Section (1) shall not be extended.

CHAPTER VII

Programming Using Program Distributor Systems and Program Distribution

Article 115

(1) Unless contrary to law or international agreement, programming services may also be provided by cable program distributor telecommunications networks or by program distributor radio telecommunications means.

(2) Programming services pursuant to Section (1) may be commenced after being registered in a special register established for this purpose.

(3) Program distributors already functioning as of the effective date of this law shall report to the Board within 30 days after the establishment of the Board; program distributors commencing their operations later shall report to the Board 30 days before commencing their operations:

a) the name, address (headquarters, plant location), registration number assigned by the registry of firms or by authorities;

b) the name and residential address of a person with no criminal record, who, under legal provisions governing the press, and the provisions of this law is responsible for the activities of the program distributor;

c) the program distributor company's contract and articles of association or articles of incorporation, including amendments;

d) a declaration provided by the program distributor or the enterprise authorized to operate the program distribution system (hereinafter: "operator") as to the size of ownership share in a business organization that publishes or distributes a daily or weekly Hungarian newspaper, or performs programming services in Hungary, or seeks a license to provide programming services in Hungary;

e) the reception area of the proposed program distribution system;

f) the number of households connected to the program distribution system.

(4) The reception area of the program distribution enterprise shall not exceed one-third of the largest size of the regional programming service's reception area, as defined by this law.

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(5) Filing the rport specified in Section (3) constitutes no exemption from under obtaining permits required by other legal provisions.

(6) Changes occurring in the Section (3), a)-e) data already reported shall be reported within 30 days from the change, changes in ethe Subsection f) information already reported shall be reported by 1 February of the year after the changes occur.

(7) A program distributor shall be deleted from the registry if he

a) reported termination of his program distribution activities;

b) conducted his activities in the course of 12 months for not more than 60 days;

c) did not perform his Section (5)-(6) obligations;

d) distributed programs without reporting such activity;

e) did not comply with the Board's call to interrupt the distribution of programming services, based on international agreement.

(8) The technical standards of program distribution systems shall be decreed by the Minister of Transportation, Communications and Waterways. The rules and regulations shall be expressed so that newly developed systems, or the further development of existing systems comply with the requirements of modern data transmission. The rules and regulations shall be enforced beginning on the effective date of this law regarding newly built systems, and reconstruction of existing systems shall be required beginning on 1 January 2003. With respect to already established systems whose basic network does not comply with the standards decreed, the standards shall be enforced with respect to additional household connections beginning on 1 January 2003.

Article 116

(1) Unless contrary to law or international agreement, the operator may distribute any programming service from Hungary or abroad based on the registration.

(2) Thirty days prior to commencing program distribution from Hungary or from abroad, program providers shall report the following information to the Board:

a) the permanent designation of the program to be distributed by a program provider from Hungary or from abroad, and other data enabling identification of the program provider;

b) the contract entered into with the program provider or other verification of the right to distribute the program, and/or data which verify that the program distributor has taken the necessary steps to protect copyright and other rights ancillary to copyright;

c) technical data pertaining to the placement of individual programming services within the program distribution system;

d) the allocation of individual programming services within classes of service provided for various levels of fee.

(3) The operator shall report by 1 February the number of households connected to the various programming services as of 31 December of the previous year.

(4) If the Board has not refused to take note of the announcement within 60 days, the announcement shall be regarded as having been recorded.

(5) The Board may refuse to record an announcement if

a) the planned distribution of the programming service is contrary to this law, or to international obligations agreed to by the Hungarian Republic, or if

b) the data required to be reported in Section (2) is not available, even after the Board's call to submit the complete data.

(6) The Board may release information to third parties about the information recorded pursuant to the provisions of Law No. 63. of 1992 on the protection of personal data and the openness of data of interest to the public. Based on its records, the Board shall not provide data for statistical purposes, which enables the identification of the program provider and of persons operating the program distribution system. The Board shall provide Section (2) data to providers of programs distributed by program distributors at the request of program providers, insofar as the information applies to the program provider seeking the information.

Article 117

(1) Beginning on 1 July 1996, operators shall distribute through their systems all programs provided by the public service program provider if the reception area of these extends to the given terminal station. These programs shall be distributed as part of the basic program, and no excess fee shall be charged to subscribers for these.

(2) Distribution shall be made without charge to all public service program providers, and public service program providers shall not demand compensation from operators for distributing their programs. Operators shall be exempt from the payment of royalties pursuant to Article 50/G, (1) of Law No. 3 of 1969 on copyright (hereinafter: "Szjt."), for programming services defined in Section (1).

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(3) Contracts entered into between operators and program providers shall not contain conditions which prevent operators from entering into agreements with other program providers.

(4) Operators may enter into contractual relations with any program provider, agreeing to collect fees from subscribers to the program distribution system for the program, on behalf of the program provider.

Article 118

(1) Programs violating the provisions of Article 3, (2)-(3) and Article 5, (4) shall not be distributed.

(2) Regarding programming services operating exclusively on the basis of program distribution systems, and regarding specialized programming services disseminated through satellite telecommunications systems, the number of identical programming services from the same program provider distributed on program distribution systems to the same operator shall not exceed 20 percent of the programming services distributed by the program distribution system.

(3) Up to at least 10 percent of their capacity, but not more than three program providers, program distributors shall enter into contractual agreements in response to offers for contracts by local program providers, and especially by local public program providers or local nonprofit program providers.

(4) Up to an additional 10 percent, but not more than three program providers, program distributors shall enter into contractual agreements in response to offers for contracts by regional or national program providers in Hungary.

(5) The obligation to enter into contractual agreements pursuant to Sections (3)-(4) shall prevail only with regard to program providers whose daily programming time is no less than four hours.

(6) In the event that contracts specified in Sections (3) and (4) are not consummated within 30 days from the date when an offer to enter into a contract was made, the program provider may seek recourse from the Board in order to consummate a contract. Insofar as fees are concerned, the Board shall specify market rates in the contract, irrespective of the provisions of Article 117, (4) and Article 119, (4).

(7) One's own programming service shall be disregarded from the standpoint of discharging the obligation required in Sections (3) and (4).

Article 119

(1) An operator, whose programming service distribution takes place simultaneously, without changing the program, shall not be regarded a program provider, if on the basis of his announcement addressed to the Board he was registered as a cable program distributor.

(2) A person who, in the course of simultaneously distributing a foreign program provider's unchanged program, provides his own commercial advertisements during the commercial advertising period of the adopted program in a manner consistent with the provisions of this law concerning commercial advertisements, shall not be regarded a program provider.

(3) Program distributors shall treat fees charged for the provision of programming services separately from amounts charged for operating the system.

(4) The owner or operator of a cable program distribution telecommunications system shall collect operating fees for the operation of individual program channels from subscribers only. An exception to this rule presents itself when the program provider can pay compensation for the telecommunications activity, provided that in such cases the fee charged for the given programming service package does not change.

(5) The operator of a radio telecommunications program distribution system may seek compensation from the program provider—except from public service program providers—for the telecommunications activity, while he may collect telecommunications service fees from subscribers to the system for receiving the channels.

Article 120

(1) With respect to the amount of fees charged, the operator may offer different groups of programs.

(2) Operators shall continuously account for their advertising revenues separately and shall report such revenues in a monthly breakdown to the Board by 1 March each year. In performing its audit and control functions, the Board may audit these records.

Article 121

(1) Provisions applicable to programming service contracts shall also apply to programming services operating on radio telecommunications program distribution systems, which qualify as limited program distribution systems subject to national frequency spectrum management.

(2) Provisions applicable to programming services provided through cable program distribution systems shall apply to unlimited programming services operating on radio telecommunications program distribution systems. From the standpoint of this law, rules applicable to cable program distribution systems shall be applied to systems originally designed to serve as relay (division) systems,

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but which also perform program distribution functions by way of direct reception.

(3) A separate law shall be enacted to provide detailed rules for program distribution.

CHAPTER VIII

Rules Pertaining to Ownership

Article 122

(1) Natural persons holding Hungarian citizenship and residing in Hungary, or legal entities domiciled in Hungary shall hold at least 26 percent of the voting stock in corporations authorized to provide nationwide programming services.

(2) No enterprise shall control more than 49 percent of the voting stock of a terrestrial television programming service corporation not connected to nationwide networks.

(3) Direct and indirect ownership shares shall be combined when applying the Section (2) provision.

(4) A majority of the boards of directors, if nonprofit, of the managements of corporations providing nationwide programming services shall be composed of persons holding Hungarian citizenship, residing in Hungary.

(5) The voting stock of corporations providing nationwide or regional programming services shall not be owned by foundations.

Article 123

(1) Except for specialized program providers, licensed providers of nationwide programming services holding determinant shares in the same nationwide programming services shall not acquire determinant shares in other enterprises engaged in providing programming services or program distribution.

(2) Within limits provided in Article 86, (5), the same enterprise may acquire a determinant share in an organization authorized to perform programming services.

Article 124

(1) Except as provided for in Section (2), regional or local program providers shall not acquire determinant shares in other enterprises engaged in providing regional or local programming services within their reception areas.

(2) The Section (1) restriction shall not be applied if

a) the reception bands of the two program providers overlaps to an extent of at least 20 percent, or if

b) after judging the applications there remains unused programming time, and if, in addition to issuing a new call for applications, an agreement is reached regarding the free programming time with the program provider specified in Section (1), provided that the programming time thus acquired by the Section (1) program provider differs from his already existing programming time to an extent of 80 percent, and that none of the programming times exceed four hours in duration.

(3) In case of regional or local programming services delivered through a cable program distribution network, the program provider may utilize for his own programming services in the system he uses at least one channel, or, at most, a number of channels corresponding with one-third the number of channels used for the distribution of Hungarian programming services.

Article 125

(1) An owner of a determinant share, or holder of publisher's or founder's rights in a daily newspaper with nationwide circulation, shall not acquire a determinant share in a program provider or program distributor enterprise, disseminating programs nationwide through broadcast transmissions without joint networking, and vice versa.

(2) The owner of a determinant share or holder of publisher's or founder's rights in a weekly newspaper with nationwide circulation—except for program guides—shall not acquire majority control in a program provider enterprise that disseminates its program through broadcast transmission, and vice versa.

(3) The owner of a determinant share, or holder of publisher's or founder's rights in a daily newspaper not having nationwide circulation, whose daily paid circulation is 10,000 copies or more shall not acquire majority control in a program provider or program distributor enterprise whose reception area overlaps 80 percent of the newspaper's area of circulation, and vice versa.

(4) The owner, publisher or founder defined in Section (3) may acquire a minority share of ownership if at least 70 percent of the given reception area is already covered by a functioning local or regional program provider or program distributor.

Article 126

(1) The owner of a determinant share in a program distribution enterprise shall not acquire a determinant share in another program distribution enterprise.

(2) The owner of a determinant share in a newspaper distribution enterprise shall not acquire a determinant

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share in a program provider or program distributor enterprise, and vice versa.

Article 127

(1) A nonprofit program provider may acquire other programming service rights only with another nonprofit program provider.

(2) An operator providing his own program shall not own a determinant share in another enterprise performing programming services and shall not acquire rights as a program provider outside his own system.

(3) Organizational mergers and the acquisition of determinant influence, as defined in the law prohibiting unfair practices shall not be permitted, if such merger or acquisition violates this law.

CHAPTER IX

Application System Related to Nationwide Programming Service Rights

Article 128

(1) As of the effective date of this law, the provisions of Article 52, (2) and (6) shall not be applied to the application process for programming service rights at MTV2, a station designated as Danubius Radio, and a third, nationwide terrestrial television; the Chapter VI provisions shall be applied with changes specified in Articles 129-131.

(2) Without delay, the Government shall begin

a) to formulate a frequency supply that can be used for purposes of the third nationwide terrestrial television programming service, so that in the 11th month after the effective date of this law, the frequency supply—together with additional investments—becomes suitable for the creation of a reception area encompassing at least 70 percent of the total population. An expansion of the reception area to cover at least 85 percent of the population shall be accomplished within one year from commencing programming services. Planning the frequency supply, and preparation for formulating the frequency supply shall be completed by the time the Article 129 call for applications is announced;

b) to formulate available opportunities in the 87.5-108.0 megahertz frequency band for two Hungarian Radio programming services pursuant to the schedule described in the first sentence of Subsection a), so that the reception area of one of the programming services covers at least 80 percent of the populace, and the reception area of the other at least 50 percent of the populace.

Article 129

(1) Within 120 days from the effective date of this law, the Board shall issue invitations for applications for programming service rights related to MTV2, designated as a program prior to the effective date of this law, as well as to the third nationwide terrestrial television programming service rights, so that programming services begin no later than one month after the second programming service on Hungarian Television begins.

(2) Applications shall be submitted within 90 days from the issuance of tender specifications. The Board shall judge the applications within 60 days after the expiration of the application deadline, by appropriately applying the provisions of Articles 98-101. The time for judging the applications shall be extended by 15 days for the supply of missing information.

(3) In the call for applications the Board shall state the conditions applicants must comply with, in addition to those described in Article 91 Sections (1)-(3).

(4) The call for applications for programming service rights designated as the MTV2 program prior to the effective date of this law shall include the following:

a) a requirement that the program provider present individual public service programs in at least 25 percent of his daily programming time. Individual public service programs shall be spaced during prime time hours so that in a weekly average their ratio amounts to 20 percent;

b) a requirement that at least 35 percent of the program provider's annual programming time—not including motion pictures, advertisements, newscasts, sportscasts, contests and games—consist of individual programs produced in Hungary;

c) a requirement that in a monthly average, at least 30 percent of the program provider's total programming time—not including motion pictures, advertisements, newscasts, sportscasts, contests and games—consist of individual programs produced in Hungary;

d) a requirement that at least 9 percent—11 percent beginning on 1 January 1999—of the program provider's annual programming time—not including advertisements and sportscasts—consist not of his own, but with the exception of motion pictures, individual shows produced in Hungary;

e) the ratio specified in Subsection b) shall also prevail in prime time.

(5) As part of the call for applications, the Board shall establish requirements for programming services for the third nationwide terrestrial television station pursuant to Section (4). The related obligations shall be less stringent than those specified in Section (4).

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Article 130

(1) Also in due regard to the provisions of Article 132, (2), within 90 days from the effective date of this law the Board shall issue a call for applications for programming service rights for a radio known as Danubius Radio prior to the effective date of this law, and further, regarding a nationwide radio programming services in the 87.5-108.0 megahertz frequency band. The frequencies available to the programming service known as Danubius Radio shall be stated as part of the call for applications so that programming services may commence only if the Hungarian Radio has already commenced at least one nationwide programming service by using the 87.5-108.0 megahertz frequency band. When granting programming service rights the right to use the name of the service shall also be transferred.

(2) Applications shall be submitted within 90 days from the date of issuing the call for applications. The Board shall judge the applications within 60 days after the expiration of the application deadline, by appropriately applying the provisions of Articles 98-101. The time for judging the applications shall be extended by 15 days for the supply of missing information.

Article 131

(1) The amount of the programming service fee specified as a result of the application process for programming service rights awarded pursuant to this chapter shall consist of two parts: A lump sum fee amounting to at least 30 percent of the full amount, and, beginning in the fourth year, annual installments.

(2) Seventy percent of the fee paid for the MTV2 programming service shall be credited to the Hungarian Television Public Foundation, and 30 percent to the Hungaria Television Public Foundation. Programming service rights designated by the name Danubius shall be credited to the Hungarian Radio Public Foundation.

(3) The fee payable for the third nationwide terrestrial television programming service shall be credited to the Programming Service Fund so that the revenues derived from these fees be used for the development of broadcasting and cable networks. This amount shall not be used for any other purpose.

Article 132

(1) Upon completion of the application process, the Hungarian Radio shall perform its legally established functions by providing three nationwide programs, one of which shall be broadcast on the 526.5-1606.5 kilohertz frequency band, and two in the 87.5-108.0 megahertz frequency band.

(2) Nationwide and regional programming service opportunities shall be established by the Board so that the Hungarian Radio and other program providers have equal chances to broadcast programs, while observing standards for broadcasting.

(3) Upon completion of the application process, the Hungarian Television shall provide a nationwide program disseminated by terrestrial broadcast, and a second program provided nationwide. The conditions governing frequency use of the terrestrial broadcast shall be the same as the conditions for programming services applicable to the program designated as MTV1 prior to the effective date of the law.

(4) After examining the technical, business and legal conditions of the programming service designated in Section (3) as the second programming service, the Board shall render a decision regarding the realization of the second programming service, in due regard to views expressed by the board of trustees, so that the programming service commences operations within 11 months after the effective date of this law, and that MTV2 uses both the present and the new transmission alternative for a month. Throughout the transition period, the Hungarian Television shall provide two programs.

(5) Duna Television shall provide a public service program using a satellite system.

Article 133

(1) The licenses of public service program providers authorized by this law shall expire in seven years in regard to radio, and in 10 years in regard to television. The licenses may be extended several times, without change, for the same periods of time upon expiration, if international restrictions applicable to broadcasting, the requirements of the National Distribution Table of Frequency Bands, and the obligations to provide programs remain unchanged. If the expiration dates of licenses cannot be extended, licenses for other types of program transmission shall be provided to enable public service program providers to perform their programming service obligations.

(2) Upon termination of nationwide terrestrial broadcast television and radio broadcast programming service licenses the Board—in due regard to views expressed by the boards of trustees—shall reexamine the system of nationwide programming services, and shall decide whether to continue the rights previously granted to public service program providers, or to change those.

(3) Broadcasting opportunities defined in the form of frequency and transmission characteristic required by public service program providers to perform their programming service obligations shall be determined

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by the Board after reconciling the issues, by applying the voting and openness rules applicable to the Board's decisionmaking processes.

(4) The Board shall conduct the advance reconciliation mentioned in Sections (2) and (3) with representatives of the Communications Chief Superintendency, the public service program providers, and of the telecommunications service broadcasting the programs.

(5) The provisions of Sections (2) and (3) shall not apply to broadcasting opportunities for programming services directed abroad by public service program providers. In regard to this kind of programming service the Communications Chief Superintendency shall provide frequency use rights in the framework of international proceedings.

Article 134

(1) In addition to broadcasting opportunities to which public service program providers are entitled based on this law, public service program providers may also apply for additional broadcasting rights using Chapter VI proceedings before 1 January 2000, only if they are unable to perform their Article 23, (4), c) tasks otherwise.

(2) The provisions of Article 122, (1)-(3), and (5) shall not apply to public service program providers, and the restriction contained in Article 123, (1) shall be regarded as relevant only if the public service program provider acquires programming service rights through the tender specification and application process.

(3) Public service program providers may also provide local and regional programming services.

CHAPTER X

Other Provisions

Title 1

Fines

Article 135

Persons providing unauthorized programming services, or unreported or reported but differently performed program distribution services may be fined by the Board. The amount of fines shall be twice the amount of the unauthorized revenues; if the amount of unauthorized revenues cannot be determined, the fines shall range from Ft10,000 to Ft1 million. The fines shall be paid to the Fund.

Title 2

Applying the Rules of State Administrative Procedure

Article 136

(1) In the context of Chapter VI, Title 12, Chapter VII, and Article 135, the Board shall act as an organ proceeding in a public administrative matter, whose proceedings shall be governed by Law No. 4 of 1957 on general rules for administrative proceedings, except as provided for in this article.

(2) The determinations of the Board shall not be subject to administrative appeals.

(3) Requests to review the Board's decisions may be filed with the courts. Courts shall proceed pursuant to rules provided in Chapter 20. of the Pp. [Code of Civil Procedure.] Courts shall have authority to change the determinations of the Board.

Title 3

Extraordinary Situations

Article 137

Under extraordinary or emergency conditions, in situations presenting a threat, if external armed groups unexpectedly break into the territory of Hungary, and further, when the territory of the country is defended by the air defense and air force units of the Hungarian Honved Forces, the National Assembly, the National Defense Council, the President of the Republic, the Government, or persons and organs defined by laws based on Articles 19/D and 19/E, as well as Article 35, (3) of the Constitution may, to the extent commensurate with the gravity of the situation, obligate program providers to publicize free of charge bulletins of interest to the public, as those relate to the prevailing conditions or situation, in the form and at the time specified by these persons, institutions or organs, or may prohibit program providers from publicizing certain information. When publicizing matters of this nature the source of the information shall be stated in unequivocal terms.

Title 4

Presentation of National Assembly Proceedings

Article 138

(1) Within one year from the effective date of this law, a closed circuit television system shall be established for broadcasting all sessions of the National Assembly, National Assembly committee hearings regarding appointments and nomination open to the public, as well as other National Assembly committee meetings, as necessary.

(2) Signals emitted by the closed circuit system shall be accessible to all program providers. Costs of connecting with the system shall be borne by the program providers.

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(3) The Section (1) and (2) provisions shall not affect the right of any program provider to relay or record programs by cable from a designated place in the building of the National Assembly.

(4) Copies of the recorded signals emitted shall be accessible to anyone and shall be deposited in the Library of the National Assembly and in the National Szechenyi Library. The Library of the National Assembly shall provide, at cost, for the viewing of the recorded material, and shall permit the preparation of copies of the recordings, to be freely used by anyone. Copies of such recordings shall also be deposited in the archives of the Hungarian Television, and the Hungarian Radio (audio materials).

(5) The order of relaying National Assembly activities in an impartial manner shall be established as an appendix to the House Rules of the National Assembly within one year from the effective date of this law.

(6) The nationwide program provider which engages exclusively in the continuous and full presentation of National Assembly activities and in providing related analyses shall qualify as a public program provider, as that term is defined in this law.

(7) Within the scope of their authority specified in Article 71(a), the presidents of public service program providers shall provide for the order of continuously relaying sessions of the National Assembly.

(8) Until public service program providers transform into corporations, the order of program relays from the National Assembly, as that exists on the effective date of this law, shall not change.

CHAPTER XI

Closing Provisions

Title 1

Effective Dates

Article 139

(1) Article 142 shall take effect upon proclamation of this law; other provisions—except for the provisions of Sections (2)-(4)—shall take force on the first day of the month following proclamation.

(2) Article 75, (1), Articles 79-84, and Article 162 shall take effect on 1 January 1997.

(3) Article 161, p) shall take effect upon the incorporation of the Hungarian Radio and the Hungarian Television.

(4) Article 151 shall take effect on the effective date of the new copyright law, but in no event later than on 1 January 1997.

Title 2

Establishment of the Board and the Public Foundations

Article 140

(1) Within 45 days from the proclamation of this law

a) the members of the Board shall be elected, and

b) the members of the presidiums of boards of trustees shall be elected.

(2) The announcement required in Article 57, Section (2) shall be publicized for the first time within 60 days from the effective date of this law. The deadline for registration shall be 20 days after the publication date of the announcement. Until the official organs of the Board are established, the administrative and control functions related to registration shall be performed by the Government. The Article 57, (5) drawing shall be held in the first instance 20 days after the deadline for reporting for registration.

(3) Within 30 days from the date of their election, the presidiums of the boards of trustees shall publicize a public and competitive examination to fill the positions of presidents of public service program providers. Applications shall be submitted within 30 days, and the applications shall be judged within 30 days.

(4) Upon the election of the presidiums of boards of trustees, the National Assembly shall accept the public foundations' articles of association, which come about as a result of an enrollment in court records. The National Assembly shall be represented by its executive secretary in the enrollment proceedings.

(5) The mandate of the present board of trustees of the Hungaria Television Public Foundation shall cease with the election of the presidium of the new board of trustees. Within 60 days after the establishment of the new board of trustees, supplemented by the delegated members, the new board of trustees shall amend the articles of incorporation of Duna Television Corporation pursuant to this law.

(6) The list of names of members of the Boards, of the presidiums of boards of trustees, and subsequently, of the delegated members, shall be published in MAGYAR KOZLONY.

Title 3

Establishment of the Hungarian Radio Corporation and the Hungarian Television Corporation

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Article 141

(1) Within six months from the effective date of this law, the Government shall appraise the assets of the Hungarian Radio and the Hungarian Television, based on inventories. These assets shall be transferred to the Hungarian Radio Public Foundation and the Hungarian Television Public Foundation on the day when the public foundations officially establish the corporations. The corporations shall come about as a result of recording in the register of firms with a retroactive effect to a certain date specified in the articles of incorporation.

(2) The Hungarian Radio Corporation shall be the general legal successor to the Hungarian Radio, an organ funded by the state budget; the Hungarian Television Corporation shall be the general legal successor to the Hungarian Television, an organ funded by the state budget. In due regard to this fact, in the course of establishing these corporations the provisions of Gt. Article 251, (2) shall be disregarded.

(3) Any property acquired or company established by the public foundations pursuant to this law shall be exempt from the payment of all taxes and dues.

(4) Based on legal continuity, the bank accounts of the Hungarian Radio and the Hungarian Television shall be continued, and the ownership of state-owned real property on record shall be recorded as the ex officio property of the respective corporations, noting intermediate ownership by the public foundations.

(5) The public service program providers shall be exempt from the payment of corporate taxes and shall enjoy personal exemptions from the payment of dues.

(6) The Hungarian Radio and the Hungarian Television, as organs funded by the state budget, shall cease to exist on the date specified in Section (1).

(7) Also with due regard to the provisions of Section (2), the Government shall propose amendments to the 1996 budget law to prevent disruptions in the 1996 funding of the Hungarian Radio and Hungarian Television as a result of their transformation into corporations. In doing so, the funding of Duna Television shall be increased, and the source of such increase could be the redistribution of subscription fees collected after television sets. The legislative proposal to amend the budget law shall also provide for necessary funding for the operation of the Board and the presidiums of the public foundations, to be charged against subscription fees collected.

(8) Four-fifths of the members of the National Assembly committee having jurisdiction over budgetary affairs may recommend the appointment of a parliamentary commissioner to the Hungarian Radio or the Hungarian Television for the duration of the transformation. It shall be the function of the parliamentary commissioner to countersign the legally binding statements of the presidents (vice presidents) of the Hungarian Radio and the Hungarian Television, as provided for in Article 142 of the law. Such statements shall be invalid without countersignature.

(9) If no parliamentary commissioner is appointed pursuant to Section (8), the presidiums of the Hungarian Radio Public Foundation board of trustees and the Hungarian Television Public Foundation board of trustees shall exercise the authority specified in Article 66, (2), c), and d-a)-d-c), beginning on the date when these bodies are formed; correspondingly, the presidents of the Hungarian Radio and the Hungarian Television shall act pursuant to the obligations provided for in Article 71, g) and h) of the law.

Article 142

The mandates of the presidents and vice presidents of the Hungarian Radio and Hungarian Television now in office, as well as of the members of the board of directors and chairman of the board of Duna Television Corporation, shall cease when the presidents elected on the basis of this law take office. Following the proclamation of this law, the presidents now in office (from the standpoint of Duna Television Corporation the board and chairman) shall be authorized to take steps that are necessary from the standpoint of maintaining operating capability. They shall have no authority to sell real property, or to enter into contracts for terms longer than one year, or whose value exceeds 5 percent of the overall expenditures of the institution, as shown in the institution's annual financial plan, or which surrender the exclusive utilization of advertising rights, except for transactions which take place regularly, and which are part of proper management practices. Further, they shall have no authority to implement reductions in force as provided for in Articles 22 and 23 of Law No. 4 of 1991, and to amend the organizational and operating rules in force under their own authority.

Article 143

(1) The public employee status of the employees of the Hungarian Radio and Hungarian Television shall change into a work relationship simultaneously with the establishment of the Hungarian Radio Corporation and the Hungarian Television Corporation. The time these employees have spent as public employees of the Hungarian Radio and Hungarian Television shall count as time spent as employees of the respective corporations. Simultaneously with the changing legal conditions, upper management and leadership assignments made prior to

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changing the employment status shall be viewed as revoked, pursuant to Article 23, (5) of Law No. 33 of 1992 on the status of public employees (hereinafter: "Kjt.").

(2) Unlike the provisions of Section (1), the period of notice of termination and the amount of severance pay shall be counted on the basis of employment by the Hungarian Radio Corporation and the Hungarian Television Corporation, and from the day when the public employment relationship was changed into an employment relationship. The period of notice of termination and the amount of severance pay based on the length of the previous public employment relationship, as provided for by the Kjt. on the day when the status of employment changed, shall be added to the period of notice of termination and to the amount of severance pay due under the new employment relationship.

(3) Claims based on the public employee status and initiated prior to change in status provided for in Section (1) shall be treated pursuant to Kjt. provisions in force at the time the claim was initiated, and the order of enforcing the claim shall be pursuant to the provisions of Law No. 22 of 1992, Labor Law. Statements (measures) or agreements related to the termination of public employment relationships shall be judged on the basis of Kjt. provisions in force when the statements were made, or when the agreements were reached.

(4) The provisions of Kjt. Article 25/A shall not be applied in conjunction with the changing of the legal relationship of Hungarian Radio and Hungarian Television employees from public employee status to a work relationship.

(5) Except as provided for in Section (6), pending disciplinary proceedings, and suits under labor law related to disciplinary determinations made by the employer shall be terminated.

(6) If suits under labor law pertain to dismissals, petitions shall be judged on the basis of provisions governing extraordinary dismissals.

(7) Punishments lasting for a certain period of time, and stemming from disciplinary action shall be terminated.

(8) The Hungarian Radio Public Employee Council and the Hungarian Television Public Employee Council shall continue to operate as plant councils.

Article 144

(1) Programming services provided by the Hungarian Radio on the effective date of this law shall be continued pursuant to general conditions provided for in Chapter II of this law, until the applicant who acquires a programming service license on the basis of the application process defined in this law begins to broadcast on the frequency used for programming services prior to the effective date of this law.

(2) Provisions limiting advertising time and provisions related to sponsoring individual programs shall not be applied to the Hungarian Radio, Hungarian Television, and Duna Television until 31 December 1996.

(3) The Organizational and Operating Rules and Regulations of the Hungarian Radio and the Hungarian Television now in force shall be enforced until organizational and operating rules and regulations, and public service programming rules and regulations adopted pursuant to this law take effect.

Article 145

Two of the three frequencies in the 66.0-73.0 megahertz range used to broadcast Hungarian Radio programs as of the effective date of this law shall be used no longer than three years, beginning on the effective date of this law; the third frequency in the 66.0-73.0 megahertz range may be used for 10 years. Before reaching these deadlines, the Board may withdraw from the Hungarian Radio the right to use two frequencies in the 66.0-73.0 megahertz range, if two programming services begin operations in the 87.5-108.0 megahertz frequency range.

Title 4

Miscellaneous Provisions

Article 146

(1) Holders of studio permits with specified expiration dates issued prior to the effective date of this law may announce their claim to the Board for converting their permit into a program provider contract until 31 March 1996. Studio permits shall become invalid, and any rights conveyed by the permit shall cease upon failing to act by this deadline. The Board shall not enter into an agreement with a claimant if the studio does not perform programming services, or if it does, but not as provided for in the studio permit. Studio permits shall lose force if the Board issues a determination to this effect,.

(2) Provided that the applicant operates pursuant to the studio permit, the Board shall enter into a contractual relationship with the applicant for a period not exceeding the expiration date of the studio permit and to cover the reception area specified in the studio permit. The contract shall also establish a programming service fee.

(3) The Board shall issue tender specifications for frequencies (programming time) that become available as a result of invalidated studio permits, except when the program provider does not concur with this action based on the provisions of Article 100, (3).

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(4) Tender specifications shall be issued pursuant to this law for the utilization of frequencies used on the basis of studio permits issued for indefinite periods of time prior to the effective date of this law, or with reference to a deadline specified in this law. The Board shall issue tender specifications within nine months for frequencies used on the basis of studio permits referencing deadlines provided by this law, for frequencies used on the basis of studio permits with indefinite expiration dates after one year, but no later than 18 months. These deadlines shall be counted beginning on the effective date of this law. The studio permits shall lose force no later than the starting date of programming services based on programming service contracts, which, in turn, were consummated on the basis of applications responding to calls for applications.

(5) When evaluating offers submitted pursuant to Sections (3) and (4), the prior operations of studio permit holder service licensees operating on the same frequencies shall be the subjects of special consideration.

(6) The Board may enter into contractual agreements with enterprises operating on the effective date of this law in a manner inconsistent with the provisions of Articles 85-88, 108, and Chapter VIII on condition that these enterprises change their operations by 31 December 1996 or transform their enterprises.

Article 147

(1) The provisions of Articles 20 and 21 shall not apply to incremental value telecommunications services already provided prior to the effective date of this law.

(2) Except for network programming services having reception areas smaller than 50 kilometers in diameter, no network television programming service shall be initiated prior to 1 January 1997.

(3) The limitation contained in Section (2) shall not be applied to continuously operating program providers, whose programming services constitute network programming services according to this law, and whose operations

a) began one year prior to the effective date of this law, or

b) operate as network programming services for not more than four hours of programming time per day.

The reception area of a program provider thus authorized shall not be larger prior to 1 January 1997 than it was three months before the effective date of this law.

Article 148

(1) The Government is hereby authorized to decree detailed rules for the collection of operating fees with an effective date of 1 January 1997.

(2) Within 30 days from the effective date of this law the Government shall

a) take necessary action regarding the application in Hungary of Council of Europe agreement on "Television Programming Services Beyond Borders," and

b) amend Decree No. 95 of 23 July 1991 on the Consumer Protection Chief Superintendency so as to conform with this law.

(3) The Government is hereby authorized to promulgate a legal provision or standard regarding the technical conditions of joint networking.

(4) The Board is hereby authorized to define the concepts of individual programs produced in Europe and individual programs produced in Hungary. The Board shall publish in MAGYAR KOZLONY the related findings prior to issuing tender specifications for programming service licenses, and shall not change the contents of its findings after these were published in MAGYAR KOZLONY.

Article 149

(1) The Government is hereby authorized to establish technical conditions and requirements for radio and television programming services, after hearing the views of the Board.

(2) The National Assembly shall render decisions annually as part of the budget law regarding separate state support to be provided for programming services directed abroad by the Hungarian Radio.

Title 5

Amendments

Article 150

(1) The following provision shall be inserted in lieu of Pp. Article 343, (1):

"(1) If the press fails to discharge its obligation to make corrections by the given deadline, the person seeking the correction may sue the editorial board of a periodically published newspaper, the program provider as defined in the law on radio and television operations, or the Hungarian News Agency [MTI]."

(2) The following provision shall be inserted in lieu of Pp. Article 344, (1):

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"(1) The Pest Central District Court shall have jurisdiction over suits filed against periodically published newspapers with editorial boards in Budapest, every program provider with headquarters in Budapest and the MTI; otherwise, the court having jurisdiction where the headquarters of the editorial board of the periodically published newspaper, the program provider or the studio are located shall have jurisdiction."

Article 151

(1) The following provisions shall be inserted in lieu of Szjt. Article 50/G, (1) and (2):

"(1) The concurrence of the author to the simultaneous public cable transmission of works broadcast by radio or television organizations, or transmitted by cable to the public with the interposition of another organization as compared to the original, shall be regarded as granted, if the organization performing the simultaneous transmission pays the fee established by the Copyright Office and approved by the minister of culture and public education. The views of the interest group involved shall be heard before establishing the fee.

"(2) After deducting expenses, the fees collected pursuant to Section (1) shall be distributed as follows: 65 percent shall be paid to the authors or the copyright holders, and 35 percent to the performing artists."

(2) In Szjt. Article 50/H the partial text "In Articles 50/F and 50/G" shall be replaced by the partial text "In Article 50/F."

Article 152

(1) The following provisions shall be inserted in lieu of Article 12, (1) of Law No. 2 of 1986 on the press (hereinafter: "Stv."):

"(1) Everyone shall have a right to produce publications and make these available to the public. In order to enforce other fundamental constitutional rights, this right may be restricted proportionately, to an extent necessary."

(2) Article 12 of the Stv. shall be amended by adding the following Section (3):

"(3) The ministry (organ having a national scope) supervising the armed forces, law and order organs, and police organs shall exercise the right to register publications that teach, educate or train, used internally by the organs enumerated above."

(3) The following provision shall be inserted in lieu of Stv. Article 20, a):

"Press: periodically published newspapers, program providers, as defined in the law on radio and television operations, and news agencies."

(4) The following provision shall be inserted in lieu of Stv. Article 22, (3):

"(3) Suits defined in Article 15, (1) and Article 19, (2), as well as court proceedings pertaining to the prohibition of public communications shall be within the Budapest Court's scope of authority and exclusive jurisdiction."

Article 153

(1) The following provision shall be inserted in lieu of Article 11, (1) of Law No. 34 of 1989 on the election of National Assembly representatives (herinafter: Vjt.):

"(1) The MTI, the Hungarian Radio and the Hungarian Television shall, under equal conditions, the day before elections at the latest, present at least once, free of charge, the election announcements of parties running candidates in thee elections. The obligation to present such announcements free of charge shall apply to all public program providers within their own transmission patterns, under equal conditions insofar as the election programs of the various nominees are concerned. Advertisements popularizing nominees or parties shall be designated as 'Paid election advertisement.'"

(2) Article 11 of the Vjt. shall be amended by adding the following Section (4):

"(4) A program provider reporting news about election events within 30 days prior to the elections shall proceed pursuant to rules applicable to the Hungarian Radio and the Hungarian Television."

Article 154

The following provisions shall be inserted in lieu of Article 1, (1) of Law No. 57 of 1990 on the order of appointing the heads of public service information means (Hungarian Radio, Hungarian Television, MTI), and the numbering of Section (2) shall be changed to Section (4):

"(1) Following a public hearing conducted by the National Assembly committee having jurisdiction over cultural and press affairs, and with the support of four-fifths of the committee members present, the president of the Republic, at the recommendation of the prime minister, shall appoint or relieve of their duties the presidents and vice presidents of the Hungarian Radio and the Hungarian Television, and the chairman and president of the MTI.

"(2) Following a public hearing conducted by the National Assembly committee having jurisdiction over cultural and press affairs, the president of the Republic, at the recommendation of the prime minister, shall appoint or relieve of his duties the chairman and president of the MTI.

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"(3) Section (2) shall take effect upon the establishment of the Hungarian Radio and Hungarian Television corporations, and Section (1) shall simultaneously lose force."

Article 155

Article 48 of Law No. 86 of 1990 prohibiting unfair practices shall be amended by adding the following Section (3):

"(3) Fines collected from program providers shall be paid to the Programming Service Fund."

Article 156

The following provision shall be inserted in lieu of Article 1, (1), k) of Law No. 16 of 1991 on concessionaires:

(This law shall determine)

"k) except for specialized programming services, the telecommunications services (public telephone service, public mobile radio-telephone service, national public personal calling service, national or regional radio and television program distribution and broadcasting,"

Article 157

(1) The following Subsection z) shall be added to Article 4, (2) of Law No. 86 of 1991 on corporate taxes:

When calculating the tax base, the amount of profit before taxes shall be reduced by

"z) voluntary contributions to the Programming Service Fund, as well as amounts directly paid to support (sponsor) public service programs or individual programs as defined in the law on radio and television operations."

(2) Article 1, (2) of the Ktv. shall be amended by adding the following:

"...and the office of the National Radio and Television Board...."

Article 158

(1) The following provision shall be inserted in lieu of Article 3, (1), d) of the Ttv.:

(From among the telecommunications services)

"d) except for specialized programming services, the national and regional radio and television program relay, as well as broadcast"

(2) Article 39 of the Ttv. shall be amended by adding the following Section (3), and by changing the present numbering of Sections (3)-(5) to (4)-(6):

"(3) Beginning on 31 December 2002, telecommunications organizations mentioned in Article 37, (1) and established prior to the effective date of this law, or their legal successors shall provide telecommunications services defined in Article 3, (1), c) and d) exclusively on the basis of concessionaire agreements. The minister is also authorized to conduct concessionaire proceedings before or after this deadline."

(3) The following provision shall be inserted in lieu of Section 17 of the appendix to the Ttv.:

"(17) Regional broadcasting

"Broadcasting to a reception area containing less than half of the country's populace."

Article 159

(1) The following provision shall be inserted in lieu of Article 3, (1), g) of the Ftv.:

(it shall be the function of the Government:)

"g) to approve the Hungarian position to be presented at global and regional radio-telecommunications conferences."

(2) The following provision shall be inserted in lieu of Article 5 of the Ftv.:

"Article 5, (1) To become involved in the performance of information management and communications tasks, the Government shall establish an 11-member National Communications and Information Management Council (hereinafter: 'Council').

"(2) Three members of the Council shall be delegated by the Government. The members delegated by the Government shall be subject to recall.

"(3) An additional eight members of the Council—including the chairman of the Council—shall have at least five years of experience in the field of communications and information management.

"(4) The chairman of the Council shall be appointed by the president of the Republic, with the prime minister's countersignature.

"(5) The Council shall be subject only to laws; its members shall not be directed with respect to their activities.

"(6) From among the members

"a) three shall be delegated by the National Radio and Television Board;

"b) one by the Telecommunications Interest Reconciliation Forum;

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"c) one by the Hungarian Academy of Science;

"d) one by MTESZ [Federation of Technical and Natural Science Associations];

"e) and one by the Information Management Interest Reconciliation Forum.

"(7) Members of the Council shall have four-year mandates.

"(8) Until such time that the Information Management Interest Reconciliation Forum is legally established, the seat of the Council member designated in Section (6), e) shall remain vacant.

"(9) The provisions of Articles 34-37 of the law on radio and television operations shall be applied to the Council and its members with the following changes:

"a) the chairman and members of the Council shall not be leading officials, members of boards of directors or supervisory committees, or trustees of organizations engaged in communications, program production, newspaper publishing, newspaper distribution or frequency management, nor shall they own (be members or stockholders) or have a work relationship with such organizations;

"b) the Council member delegated by the government shall not be a public official;

"c) any vacancies on the Council shall be filled by the respective organ within 30 days;

"d) in addition to the provisions of Article 37, (5) of the law on radio and television operations, conduct unbecoming to a member of the Council shall be grounds for exclusion;

"e) the affirmative vote of a two-thirds majority of the Council members shall be required to support decisions establishing incompatibility, and/or dismissing or excluding a member.

"(10) Except for restrictions on close relatives, incompatibility requirements described in (9), a) above shall also be applied within six months after membership is terminated.

"(11) Members of the Council shall not be engaged in political activities, shall not make political statements, and shall not hold leadership positions in any political party."

(3) The Ftv. shall be amended by adding the following Article 5/A:

"Article 5/A. (1) The Council shall provide opinions and make recommendations to the Government.

"(2) The Council shall make recommendations:

"a) to the Government regarding

"—the regulation of the communications market, enhancing equal opportunities for those involved in the marketplace;

"—the streamlining of governmental and civilian frequency management;

"—the Hungarian position to be represented at global and regional radio-telecommunications conferences;

"b) to the minister having jurisdiction;

"—regarding the appointment of the head of the Communications Chief Superintendency;

"—with respect to the utilization plan of the Communications Fund, except for utilization necessary to discharge obligations specified by law or in concessionaire agreements.

"Proposals shall be forwarded to the Government by the minister having jurisdiction.

"(3) The Council shall comment on

"—the National Distribution Table of Frequency Bands;

"—disputes between two ministers concerning frequency management;

"—the scope of communications and civilian frequency management task, and the performance of the same by the state, authorities, and specialized authorities;

"—the general principles of frequency utilization;

"—changing the division between civilian and governmental use of the radio frequency domain.

"(4) The chairman of the Council may invite, in a consulting capacity, representatives of organizations interested in the utilization of the examined frequency bands, and in services provided by these.

"(5) The Council shall be deemed to have a quorum when more than half the number of its members is present. The Council shall render its decisions based on the affirmative vote of a simple majority; the chairman shall cast the decisive vote in case of a tie vote.

"(6) The chairman of the Council shall be invited to Government meetings when issues dealing with frequency management are discussed.

"(7) The Council shall establish its own order of proceedings.

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"(8) The operating costs of the Council shall be paid from the Communications Fund.

"(9) The management of the Council shall be audited by the State Auditor General's Office. The Council shall file an annual report concerning the performance of its functions to the National Assembly Committee having jurisdiction."

(4) The following provision shall be inserted in lieu of Article 9, (3) of the Ftv.:

"(3) Frequency allocation for broadcasting purposes, based on a license which was granted pursuant to a programming service contract defined by law, may be issued to the licensee or to a telecommunications service provider holding a contractual agreement for broadcasting with the licensee."

(5) The following subsection h) shall be added to Article 12 of the Ftv.:

(A radio license shall be revoked if)

"h) the entitlement for programming services has ceased."

(6) The following provision shall be inserted in lieu of Appendix 14. of the Ftv.:

"14. *Broadcasting:* One-way radio-telecommunications procedure performed with terrestrial or satellite systems for the transmission of voices, pictures, and signals of other nature which can be received in principle by an unlimited number of users having an appropriate receiver set."

Article 160

Article 1 of Law No. 40 of 1995 on public acquisitions shall be amended by adding the following Subsection f):

"f) public service program providers as well as public program providers whose operations are mostly financed by public funds."

Title 6

Provisions Losing Force

Article 161

On the effective date of this law, the following provisions shall lose force:

a) in Stv. Article 2, (2) and (3) the partial text "and shall mobilize for social action"; in Article 4, (1) the partial text "business organizations—Civil Code of Laws Article 685, c)"; Article 9; in the title preceding Article 12 the partial text "The licensing"; Article 13; Article 14, (2); in Article 14, (1) and in Article 15 the partial texts concerning "the granting or revocation of the license"; Article 17, (2); Article 19, (4)-(6); in Article 22, (3) the partial text "or the ... revoking the license"; and Article 23(2) and (3);

b) in Law No. 11. of 1990 amending Law No. 2. of 1986 on the press Article 6 which provides the text for Stv. Article 14(2), as well as the partial text "concerning the granting or revocation of license" in Articles 6 and 7, as well as Articles 8 and 9 in their entirety;

c) Article 19 of Law No. 68 of 1992 amending the Code of Civil Procedure;

d) Article 7 of Law No. 3 of 1994 amending Law No. 34 of 1989 on the election of National Assembly representatives;

e) Article 50/G(5) of the Szjt.;

f) Article 40(3) of the Ttv.;

g) in Council of Ministers Decree No. 12 of 22 April 1986 concerning the implementation of Law No. 2 of 1986 on the press, Article 4; in Article 6(1) the partial text "in case of other publications, petitions for permission .... the publisher," and the partial text referring to Article 4; in Article 6(2) the partial texts "licensing or" and "which organ has jurisdiction over licensing"; in Article 7(a) the partial text "subject"; Articles 8, 11, and 12. in their entireties; in Article 13(1) the partial texts "subject to licensing" and "received a license, or"; Article 13(3) in its entirety; in Article 14 the partial text "the licensing authority, the license number"; as well as Articles 17 and 18 in their entirety;

h) in Council of Ministers Decree 58 of 15 June 1989 amending Council of Ministers Decree No. 12 of 22 April 1986 on the implementation of Law No. 2 of 1986 on the press, Articles 7 and 8;

i) Government Decree No. 110 of 30 July 1993 concerning the licensing establishment of noncommercial local radio and television studios which produce and present programs, as well as Government Decree No. 142 of 10 November 1994 amending Government Decree No. 110 of 1993;

j) Government Decree No. 68 of 4 May 1994 entitled Authorizing Duna Television to produce television programs and to present those to the public;

k) MTH [expansion unknown] Directive No. 2 of 1 November 1986 concerning independent radio and television program production studios of a local character;

l) MKM [Minister of Culture and Public Education] Decree No. 1. of 22 January 1993 setting aside or

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amending certain directives issued by the head of the Information Office of the Council of Ministers;

m) MKM Decree No. 8 of 30 July 1993 concerning the use of printed forms, as well as MKM decree No. 21 of 17 November 1994 amending MKM Decree No. 8 of 1993;

n) Articles 6-9, and 31-33 of KPM [expansion unknown] Decree No. 7. of 27 December 1973 as amended several times, concerning the publication of Radio and Television Rules and Regulations;

o) KHVM [Minister of Transportation, Communications, and Water Resource Management] Decree No. 18 of 16 July 1993, and Article 2 of KHVM Decree No. 10 of 10 March 1994 amending KHVM Decree No. 18 of 1993, concerning frequency allocations for, as well as radio licensing and operating conditions for local radio and television broadcast transmitters;

p) MT [Council of Ministers] Resolution No. 1047 of 18 September 1974, as well as amendments thereto: MT Resolution 1063 of 29 December 1983 and MT Decree 91 of 2 May 1990 concerning the Hungarian Radio and Television.

Article 162

In the appendix to Law No. 87 of 1990, as amended several times on determining prices, the partial text "820-11 The fee for receiving the program of the Hungarian Television finance minister [as published]" shall lose force.

In lieu of signature: *Arpad Goncz* President of the Republic

In lieu of signature: *Dr. Zoltan Gal* President of the National Assembly

Appendix to Law No. 1 of 1996

Before taking office, members of the Board shall take the following oath of office in the hands of the President of the National Assembly:

"I, ..., swear that as a member (as chairman) of the National Radio and Television Board I will uphold the Constitution and the laws, and that consistent with my mandate, I will endeavor to enforce the prevalence of free speech and the freedom of the press. I will perform my functions impartially."

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